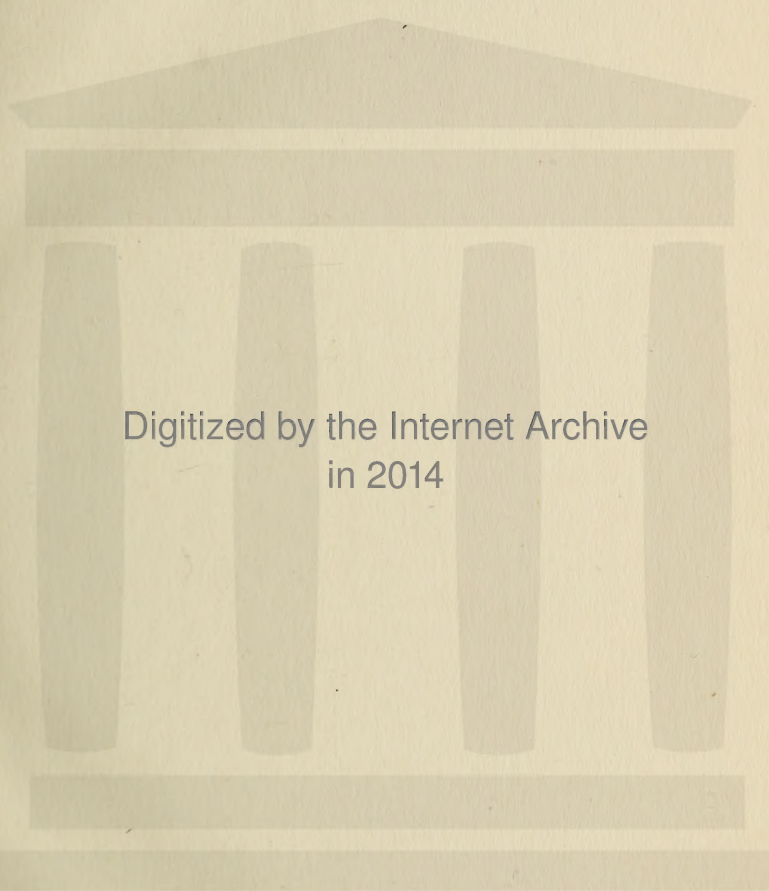


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The Department of Trade and Commerce

of

The Dominion of Canada

TRADE OF NEW ZEALAND IN 1941

C. B. BURGESS, Deputy Trade Commissioner

The New Zealand pound equal 2500 francs at present rate of exchange

April 22, May 10, 1942.—The total value of New Zealand's exports in 1941 was £14,425,423, an appreciable drop from the total of £15,738,887 in 1940 and an increase from the 1939 figure of £10,426,430. A decrease of over 25 per cent in the value of exports in 1941 is due to the fact that the value of exports of raw materials and primary products was only £4,000,000, compared with £10,426,430 in 1939. The value of manufactured goods exported was £10,425,423, which is a record for the Dominion.

Published by Authority

of

The Hon. James A. MacKinnon

Minister of Trade and Commerce

L.D. Wilgress, Deputy Minister

During 1941 New Zealand's exports of goods and primary products were valued at £14,425,423 and imports thereof were valued at £10,426,430. The value of exports of raw materials and primary products was only £4,000,000, compared with £10,426,430 in 1939. The value of manufactured goods exported was £10,425,423, which is a record for the Dominion. The value of imports of raw materials and primary products was £4,000,000, compared with £10,426,430 in 1939. The value of manufactured goods imported was £6,426,430, which is a record for the Dominion. The value of exports of goods and primary products was £14,425,423, which is a record for the Dominion. The value of imports of goods and primary products was £10,426,430, which is a record for the Dominion.

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Commercial Intelligence Journal

Issued Every Saturday by the Department of Trade and Commerce

Minister: Hon. James A. MacKinnon, M.P.

Deputy Minister: L. D. Wilgress

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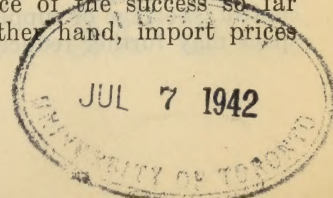
TRADE OF NEW ZEALAND IN 1941

C. B. BIRKETT, ACTING TRADE COMMISSIONER

(One New Zealand pound equals \$3.60 Canadian at current rate of exchange)

Auckland, May 16, 1942.—The total value of New Zealand's overseas trade in 1941 was £116,646,423, an appreciable drop from the total of £122,738,802 in 1940 but an improvement on the 1939 figure of £107,436,499. A decrease of over £6,000,000 in the value of exports accounts for the lower 1941 total, since the value of imports increased by some £200,000 over that for the previous year. Less favourable growing conditions throughout the greater part of the production season is given as the chief reason for the reduction in exports; irregular shipping schedules also contributed. Large purchases for war and essential purposes held import values at a high level and counteracted the effect of import restrictions on other items of less importance.

During 1941 New Zealand's exports of goods and produce were valued at £67,479,413 and imports thereof were valued at £49,167,010; these totals compare with £73,741,133 and £48,997,669 respectively in 1940. Exports showed the second highest recorded value, which was approximately £6,250,000 less than the record total of £73,740,000 in 1940. Import values have remained remarkably steady at approximately £49,000,000, which is evidence of the success so far achieved in maintaining shipping services. On the other hand, import prices



have been rising (about 30 per cent over the past three years), and the volume of imports has decreased accordingly.

The excess of exports over imports for the year amounted to £18,312,403, being substantially less than the £24,743,464 recorded for 1940. Normally a balance of approximately £12,000,000 is required to meet debt charges and other payments abroad. Under present conditions of rising war expenses and repayments of loans, it is officially estimated that, unless the excess of exports is at least £20,000,000, either funds held overseas must be drawn on or the external debt must be increased. At the end of December, 1941, overseas funds stood at £25,275,070.

EXPORTS

The export figures reflect the less favourable conditions that obtained in 1941 as compared with 1940. The value of shipments of wool fell by over £4,000,000, of butter by £2,450,000, of meat (principally mutton and beef) by £3,000,000, and of apples by £221,000. The value of cheese exports increased by £1,600,000, largely at the expense of butter; that of sheepskins without wool by nearly £400,000; and of shipments of rabbit skins by £1,600,000. Smaller increases were recorded for tinned meats, cattle hides, dried milk, seeds, and tallow.

Comparative export values of principal items for 1941 and 1940 are as follows:—

New Zealand Exports of Principal Commodities

	1941	1940
	£1,000	£1,000
Butter	15,778	18,228
Cheese	9,833	8,233
Frozen beef	1,703	2,593
Frozen lamb	10,936	11,022
Frozen mutton	1,269	2,878
Frozen pork	1,817	1,936
Wool	12,621	16,875
Rabbit skins	1,006	401
Sheepskins with wool	268	545
Sheepskins without wool	1,738	1,386
Tallow	818	707
Sausage casings	804	917
Apples	4	225
Honey	32	31
Milk, dried	515	266
Peas	310	220
Clover seed	271	149
Grass seed	292	219
Sawn timber	190	194

The official trade returns include the following table of indices, indicating the trend in volume and value of both exports and imports over the past five years:—

Trend in Value and Volume of New Zealand Exports and Imports

	Exports		Imports	
	Value	Volume	Value	Volume
1937	100	100	100	100
1938	88	95	99	100
1939	87	96	88	88
1940	111	106	87	73
1941	101.5	94	87.5	66.4

The foregoing table shows the downward trend in import volume and the steady level of values, caused on the one hand by import restrictions and on the other by rising prices. During the current year the increasing influence of export control, shortage of supply in exporting countries, and lack of available shipping space may further reduce the volume of imports.

IMPORTS

Of the principal imports into New Zealand, the following, all essential items, increased in value: tea, wood-pulp and paper-pulp, woollen and cotton piece-goods, fencing wire, surgical instruments, barley, rice, hemp, footwear, yarns, metals, agricultural implements, raw rubber, and timber. Noteworthy decreases occurred in imports of spirits, tobacco, apparel, floor coverings, silk and artificial silk piece-goods, paints, electric equipment, leather, sawn timber, cardboard and wallboard, newsprint, printing paper, tinned fish, wheat, sugar, and machinery.

Values of imports during 1941 and 1940 of the principal items are shown in the following table, with comparative figures for the normal year 1938:—

New Zealand Imports of Principal Commodities

	1941 £1,000	1940 £1,000	1938 £1,000
Tinned fish	19	111	238
Canned fruits	110	111	217
Raisins and sultanas	430	376	252
Bananas	116	137	188
Citrus fruit	216	195	281
Barley	138	103	82
Wheat	278	451	803
Sugar	1,217	1,378	601
Vegetable butter and fats	158	127	....
Cocoa beans	107	99	72
Tea	1,499	1,004	816
Gin	48	111	113
Whisky	241	312	413
Tobacco, unmanufactured	552	596	320
Seeds	103	198	151
Wood-pulp	169	143	85
Hats, caps and millinery	210	297	218
Apparel	126	200	1,511
Footwear	143	129	578
Materials for footwear	135	142	106
Minor articles of apparel	260	288	161
Tablecloths and towels	145	127	329
Drapery n.e.i	126	164	399
Floor coverings	490	576	684
Cotton and linen piece-goods	3,370	2,579	1,497
Felt piece-goods	53	101	75
Jute and hessian piece-goods	241	289	148
Silk and artificial silk piece-goods	1,186	1,312	953
Woollen piece-goods	1,150	1,064	776
Sewing silk and cottons	351	259	151
Bags and sacks	497	703	311
Woolpacks	118	99	58
Yarns	754	659	....
Asphalt and bitumen	64	135	....
Linseed oil	215	259	113
Paints and varnishes	368	426	468
Pig lead	88	103	46
Tin	213	185	68
Copper pipes and plate	199	144	143
Cordage of metal	226	145	179
Meters	222	243	259
Railway plant	244	307	930
Artificers' tools	236	255	358
Copper wire	162	129	195
Fencing wire	134	78	77
Other iron wire	440	446	224
Hardware, cutlery and metal manufactures n.e.i.	581	625	990
Agricultural machinery	286	212	351
Dairying machinery	109	85	113
Electrical machinery and equipment	1,982	2,278	2,848
Wireless apparatus	216	251	430
Engines, gas and oil	104	195	196
Sewing machines	99	136	188
Metal- and wood-working machines	240	246	359
Dredging machinery	84	197	340

New Zealand Imports of Principal Commodities—Con.

	1941 £1,000	1940 £1,000	1938 £1,000
Machinery, other kinds	1,917	2,070	....
Raw rubber and rubber goods	367	287	168
Leather	257	287	207
Timber, sawn	239	256	428
Veneers and plywood	82	124	....
Earthenware and chinaware	271	214	322
Glass plate and sheet	174	172	....
Glassware	144	163	400
Cardboard and wallboard	230	356	312
Newsprint	203	420	527
Printing paper	251	439	293
Other paper	541	751	434
Books, papers, music, printed	466	533	710
Stationery	102	150	301
Cinematographs and films	250	228	305
Photographic materials	170	212	271
Surgical and dental materials, etc.	293	263	161
Dyes	203	83	53
Insecticides and disinfectants	237	134	178
Medicinal preparations and drugs	318	376	422
Salt	133	139	....
Manures	559	584	532
Brushes and materials	147	105	129

DIRECTION OF TRADE

The usual statistical summary showing the relative positions of all countries in the overseas trade of New Zealand has not yet been published for 1941. Particulars of sources of supply and countries of destination are also missing from the trade returns. It can be said, however, that the United Kingdom is still the largest purchaser of New Zealand produce, and that the percentage of exports to that country during 1941 was probably higher than the 87·6 per cent recorded for 1940. Owing, however, to difficulties of supply, shipping, restrictions, etc., it is probable that Britain's share of the import trade was reduced in 1941 and that, as a result, Australia, the United States and Canada improved their positions. The percentages of total imports supplied by the three last-mentioned countries in 1940 were 15·9, 12·4 and 5·9 respectively.

IMPORT CONTROL

The control of imports into New Zealand in 1941, according to the letter of the regulations, should have had a greater effect on imports than it actually did, particularly on those from North America. During the early months of the year, however, it became apparent that, if the country was to maintain even a minimum war economy as well as its expanding war effort, some relaxation of the regulations was necessary in respect of goods and materials of varying degrees of essentiality. These largely included raw and semi-raw materials and equipment for New Zealand industries, such as textile piece-goods, metals and metal products, electrical equipment and machinery, tools, rubber goods, etc. Others were gumboots, floor coverings, and silk stockings, all of which were in very short supply and were then considered more of a necessity than under present conditions. The situation at this time last year can be attributed in good measure to the difficulty of obtaining supplies from the United Kingdom. The correctives applied took the form of transference of import licences from United Kingdom to United States and Canadian sources of supply, as well as the granting of additional licences to United Kingdom suppliers when such a course was considered to be advantageous.

This system of "chop and change" went on throughout the remainder of the year, during the later months of which the increasing measure of export control

in countries of supply and the growing shortage of shipping space further aggravated the position. By the end of the year, when the system of essentiality certificates had been introduced, in accordance with the requirements of the exporting countries, it was fully realized that import control had lost much of its effectiveness, and that the problem was to obtain sufficient supplies to meet all urgent requirements. For essential goods—and only essentials are considered—it is not difficult to obtain import licences for shipments from any country that can supply.

TRADE WITH CANADA.

The total value of trade between New Zealand and Canada in 1941 was £5,895,860 as compared with £4,597,477 in 1940. A feature of this trade was Canada's greater participation in business the bulk of which is usually placed in the United Kingdom. Imports from Canada were valued at £3,071,692 as against £2,888,308 in 1940, and exports to the Dominion were valued at £2,824,168 as compared with £1,709,169 in 1940. The excess value of imports over exports was £247,524 in 1941 as against £1,179,139 in 1940.

For the first year since New Zealand introduced (in 1939) a policy of import and exchange control, imports into New Zealand from Canada showed an increase as compared with that for the previous year. This is largely explained by the fact that by the end of 1941 practically all non-essential items had been eliminated from the list of permitted imports, and the point had been reached where more interest had to be shown in Canadian goods and materials of an essential character, owing to the expanding requirements for war purposes, the increased demands for raw materials and semi-manufactured products for New Zealand secondary industries, and the growing difficulty of obtaining deliveries from the United Kingdom. The value of exports of New Zealand products to Canada also increased over that for 1940.

EXPORTS TO CANADA

The value of New Zealand's exports to Canada in 1941 (£2,824,168) was approximately 65 per cent more than for 1940. The chief single item contributing to this substantial increase was wool, the export value of which was £1,808,603 as compared with £946,093 in 1940, an increase of £862,510. The value of tallow exports advanced from £1,819 to £107,780; rabbit skins, from £13,487 to £81,245; sausage casings, from £229,212 to £276,971; frozen mutton and lamb, from £4,451 to £47,113; beef, from £3,208 to £20,718; gelatine, from £3,200 to £14,000; calf-skins, from £27,920 to £55,327; and butter, from £11,006 to £34,559. There were increases also in the export values of peas, cattle hides, grass and clover seeds, and kauri gum. Decreases were recorded for woolly sheepskins, sheepskins without wool, casein, and apples. Comparative values and quantities of exports to Canada for the past two years are as follows:—

New Zealand Exports to Canada

	1941		1940	
	Quantity Cwt.	Value £	Quantity Cwt.	Value £
Butter	4,953	34,559	1,575	11,006
Casein	6,560	17,222	9,776	24,898
Cheese	1,117	4,675	1,625	6,604
Beef, frozen	10,804	20,718	1,831	3,208
Lamb and mutton, frozen	16,042	47,113	1,974	4,451
Veal, frozen	868	2,076	.....	.....
Food for animals, n.e.i. . . . .	.....	3,373	.....	2,747
Infants' and invalids' foods . . . . .	.....	183	.....	299
Onions	847	460	.....	.....
Grass and clover seeds	3,018	21,207	1,556	12,478
Manures, other kinds	5,895	4,363	300	278
Cartridges . . . . .	.....	.....	.....	43,125

New Zealand Exports to Canada—Con.

	1941		1940	
	Quantity Lb.	Value £	Quantity Lb.	Value £
Gelatine	196,000	14,000	44,800	3,200
Meat extract	11,200	2,147	.....	.....
Sausage casings	1,566,008	276,971	1,251,672	229,212
Apples, fresh . . . . .	.....	.....	742,080	6,960
Rabbit skins	120,438	81,245	27,791	13,487
Sheepskins with wool	3,472,929	169,627	4,535,808	251,612
Sheepskins without wool	120,268	6,167	378,181	15,824
Wool—				
Greasy	19,694,547	1,059,360	11,707,437	652,740
Scoured	5,402,460	409,459	3,029,376	226,737
Slip	4,681,673	339,784	899,476	66,616
	No.		No.	
Calfskins	145,721	55,327	97,384	27,920
Cattle hides	68,547	104,839	77,705	82,287
	Tons		Tons	
Phormium tenax (flax)	52	1,039	.....	.....
Tallow	5,364	107,780	100	1,819
Kauri gum	379	16,978	276	11,670
	Centals		Centals	
Peas, unprepared	2,262	4,001	680	782
Printed books . . . . .	.....	175	.....	135
Miscellaneous . . . . .	.....	5,436	.....	.....
Parcels post . . . . .	.....	3,090	.....	1,690
Re-exports . . . . .	.....	446	.....	1,892
Other items . . . . .	.....	10,348	.....	5,512
Total		2,824,168		1,709,169

IMPORTS FROM CANADA

Imports from Canada, as mentioned previously, are now confined to essentials, comprising such items as wood-pulp, textiles, cordage of metal, hardware, electric apparatus, gumboots, iron and steel, bolts and nuts, pipes and tubing, cream of tartar substitute, etc., and with few exceptions the import values of these items increased in 1941. No statistics are available for imports of war materials and equipment. There were noteworthy decreases in imports of apparel, silk and artificial silk piece-goods, wire fencing and wire, newsprint, fruit wrappers, electric motors, washing-machines, maizena and cornflour, and tinned fish.

Comparative values of the principal imports from Canada during the past three years are shown in the following table:—

New Zealand Imports From Canada

	1941	1940	1939
Fish, tinned	£ 15,810	£ 66,074	£ 83,138
Maizena and cornflour	21,896	30,063	962
Wood-pulp and paper-pulp	50,426	21,010	.....
Hats, caps and millinery	22,981	39,955	16,610
Gumboots	90,851	60,385	67,921
Cotton and linen, woven	33,260	12,758	7,659
Brass in bars and rods	4,260	2,950	.....
Bolts and nuts	15,718	5,571	6,716
Copper plate and sheet	41,341	48,080	21,241
Cordage of metal	62,180	1,630	9,773
Pins and needles	11,749	6,096	364
Copper tubing	37,640	30,669	14,791
Artificers' tools	47,044	49,044	29,727
Wire fencing	24,872	80,544	4,305
Iron wire, other than fencing	186,237	249,319	32,411
Agricultural machinery	45,269	39,036	11,448
Calculating machines and cash registers	11,926	23,784	20,165
Electric motors	16,193	44,606	22,649
Electric apparatus	99,696	51,694	18,811
Sparkling plugs	27,602	29,370	17,161

	1941	1940	1939
Insulators and fittings	£ 14,856	£ 26,150	£ 15,227
Rubber belts and belting	38,066	42,476	16,600
Rubber hose, tubing and piping	12,569	6,479	6,846
Douglas fir, rough sawn	24,193	23,800	25,810
Veneers and plywood	17,406	17,616	9,894
Cardboard and wallboard	57,275	35,838	36,565
Newsprint	202,395	403,811	168,867
Printing paper	48,524	29,856	5,521
Vegetable parchment	33,272	3,268	.....
Wrapping paper	29,935	34,379	17,491
Paper, other kinds, large sizes	15,997	24,397	5,799
Surgeons' etc., appliances	27,526	10,816	1,824
Calcium carbide	19,381	26,193	7,321
Cream of tartar substitute	54,030	.....	.....
Disinfectants and weed-killers	10,469	7,198	1,474

SUMMARY OF THE TRADE OF CANADA: MONTH OF MAY AND FIVE MONTHS ENDING MAY

The following table, compiled by the External Trade Branch, Dominion Bureau of Statistics, summarizes Canadian trade by main groups during the month of May and five months ending May, 1942:—

Main Group	Month of May, 1942			Five Months ending May, 1942		
	Total Imports \$	From United Kingdom \$	From United States \$	Total Imports \$	From United Kingdom \$	From United States \$
Imports for Consumption						
Agricultural and vegetable products	15,601,876	507,717	7,789,136	65,125,643	2,259,990	27,636,463
Animals and animal products	3,398,278	681,771	1,579,289	14,827,360	2,194,397	7,184,225
Fibres, textiles and textile products	18,161,546	7,020,197	7,141,881	82,857,157	32,841,689	29,116,794
Wood, wood products and paper	3,255,981	247,276	2,957,497	17,054,873	941,297	15,759,261
Iron and its products	35,681,939	862,739	34,727,377	175,458,591	3,713,848	171,455,130
Non-ferrous metals and their products	7,129,648	340,809	5,232,627	38,522,671	2,059,300	28,084,500
Non-metallic minerals and their products	19,180,002	1,782,705	16,866,829	77,591,846	6,533,773	65,988,019
Chemicals and allied products	6,611,184	1,160,411	5,102,368	28,840,914	3,891,157	23,709,993
Miscellaneous commodities	38,509,278	4,059,315	33,954,966	195,932,175	26,107,669	168,398,442
Total imports:						
1942	147,529,732	16,662,940	115,351,970	696,211,230	80,543,120	537,332,827
1941	128,095,970	24,172,670	84,428,149	530,360,701	80,867,140	375,402,970
1940	100,536,837	17,052,402	63,895,708	405,395,950	61,414,250	273,803,935
	To			To		
	Total Exports \$	United Kingdom \$	United States \$	Total Exports \$	United Kingdom \$	United States \$
Exports (Canadian Produce)						
Agricultural and vegetable products	33,553,220	19,975,620	8,317,618	109,480,193	63,844,277	23,666,364
Animals and animal products	26,695,683	19,363,524	5,218,962	110,933,107	66,226,769	34,350,492
Fibres, textiles and textile products	2,997,415	257,710	964,983	15,136,948	808,189	5,569,167
Wood, wood products and paper	33,155,275	5,505,751	25,945,638	155,044,162	17,362,333	127,923,267
Iron and its products	42,840,770	14,213,849	2,646,300	173,092,938	55,611,280	10,729,615
Non-ferrous metals and their products	29,227,166	14,067,847	12,768,264	121,922,475	51,398,446	54,035,818
Non-metallic minerals and their products	4,609,943	601,765	3,117,571	20,479,754	2,087,291	15,023,036
Chemicals and allied products	8,214,818	3,972,479	2,713,726	33,648,807	14,880,956	12,661,531
Miscellaneous commodities	52,886,062	20,999,350	6,246,626	155,312,307	71,500,778	15,766,475
Totals, 1942	234,180,352	98,957,895	67,939,724	895,050,691	343,720,319	299,725,772
1941	161,639,089	72,733,070	54,541,154	567,008,240	254,757,591	203,489,581
1940	109,852,709	46,922,317	43,476,476	437,316,191	194,077,027	152,499,000
Exports (Foreign Produce)						
Totals, 1942	1,529,331	427,352	745,382	8,110,659	1,873,314	4,412,551
1941	1,023,550	266,213	607,811	6,482,689	1,516,860	3,335,760
1940	910,938	47,463	780,788	4,773,182	158,764	4,305,488
Excess of imports (—) or exports (+)						
Totals, 1942	+ 88,179,951	+ 82,722,307	— 46,666,864	+ 206,950,120	+ 265,050,513	— 233,194,504
1941	+ 34,566,669	+ 48,826,613	— 29,279,184	+ 43,130,228	+ 175,407,311	— 168,577,629
1940	+ 10,226,810	+ 29,917,378	— 19,638,444	+ 36,693,423	+ 132,821,541	— 116,999,447

INDIAN MARKET FOR BUILDING BOARD

PAUL SYKES, CANADIAN TRADE COMMISSIONER

(One rupee is approximately equal to \$0.335 Canadian)

Bombay, June 3, 1942.—There is a reasonably worthwhile market in India for various types of building and insulating board. The trade is of considerably less extent and variety than in many western countries where construction methods are more varied and elastic than in India and where the effects of climatic conditions on such materials are less severe. The business is still of sufficient value and capable of such expansion as to be of greater interest to Canadian manufacturers than hitherto.

MARKET EXTENT AND VARIETY

It is impossible to supply accurate data regarding the value, variety, and countries of origin of India's imports of building and insulating boards, since local trade returns do not show a separate classification for these goods. Assuming, however, that they comprise a substantial proportion of the group described as miscellaneous building and engineering materials, the business can be estimated to have reached a value of Rs.400,000 to Rs.600,000 during recent years. The principal sources of supply have been the United Kingdom, the United States, Sweden, and Canada. Several central European countries have also shared in the imports.

Until recently the import of building and insulating boards into India was confined largely to those made from wood-pulp or other fibres, lightly pressed to a thickness of approximately $\frac{5}{8}$ inch and in standard sizes of 4 feet by 6 feet up to 4 feet by 10 feet. During the last few years the trade has been featured by substantial imports of "hard" boards, which are in many instances more suitable than the standard product for use as construction materials and are also adaptable for use in the manufacture of furniture and for similar purposes for which the more lightly pressed board is generally unsuitable.

There have been some imports of gypsum, asbestos and similar boards, but the trade in such types has been very limited.

LOCAL COMPETITION

There is practically no production in India of building or insulating boards made from wood-pulp or other fibres. The use of alternative materials for these same purposes is, of course, widespread. There is a large domestic output, however, of "asbestos cement" boards, which greatly limits the imports of pulp or fibre boards from abroad for use as construction materials. These asbestos boards are comparatively low in price, readily obtainable, and exceedingly durable.

CURRENT MARKET SITUATION

Normal Indian demand for building and insulating boards in pre-war years underwent a considerable expansion during 1939-40 as a result of urgent government and army requirements. The trade has since fallen off considerably owing to the substitution of indigenous materials, the restriction of imports of these goods from non-Empire countries, and a gradual decline in ordinary commercial demand.

The difficulty of obtaining stocks of these goods from the United Kingdom and a number of other sources has brought about a considerable increase in the volume of imports from Canada. The trade was given an initial impetus by the placing of a number of large orders with Canadian manufacturers by the

Indian Government shortly after the outbreak of war. Repeat orders have been spasmodic but the gradual withdrawal of United Kingdom manufacturers from the market has resulted in their share of the trade being diverted to some extent to Canadian plants. For the past two and one-half years, therefore, it is estimated that Canada has shipped much larger quantities of these goods to India than ever before.

MARKET OPENINGS FOR CANADIAN BOARDS

Canadian trade in building and insulating boards in the Indian market has to date suffered from a number of adverse influences. Prices have been generally higher than competitive offers from other countries and, in addition, Canadian manufacturers have failed to place distributing rights for their products in the hands of reputable and competent representatives. Inability or reluctance to do so has in general been due to their unwillingness to invest any money in the business in the form of extended credit terms, the provision of stocks on consignment, or the allotment of funds for advertising or similar sales promotion activity. Another factor adversely affecting business has been the belief, correct or otherwise, throughout a section of the trade that various competitive products prove under test to be more suited to various local conditions than Canadian boards.

It is not believed that these or other similar factors are sufficient to prevent Canadian building and insulating boards being sold in the Indian market in considerably larger quantities than ever before. To attain such an objective, however, Canadian manufacturers, in addition to providing a well-made and well-packed product, must select and appoint competent representatives and ensure that they receive maximum co-operation along lines that are mutually satisfactory and are based on an aggressive and permanent sales policy rather than on the short-term view which some exporters have adopted in the past. The ability of Canadian suppliers to offer hard-pressed board as well as the more conventional wood-pulp board will also have an important influence on the development and expansion of business in these products.

AUSTRALIAN WHEAT AND FLOUR

Mr. Frederick Palmer, Canadian Trade Commissioner in Melbourne, cabled under date June 19, 1942, regarding the Australian wheat and flour situation as follows:—

Growing conditions for the new season's crop are generally ideal, but shortages of labour and fertilizer will affect production apart from any governmental plan to restrict acreage. Export sales of flour in Ceylon and Mauritius are now permitted only through food controllers. Flour for Ceylon in new 150-pound sacks is shipped on an f.o.b. basis at \$32.20 per ton.

ECONOMIC CONDITIONS IN AUSTRALIA IN 1941

FREDERICK PALMER, CANADIAN TRADE COMMISSIONER

II. Production of Primary Products

Despite the great expansion in Australian secondary industries following the outbreak of war in 1939, primary production in 1941 retained its importance in the economy of the Commonwealth. Acute problems resulting from efforts to market large export surpluses continued to arise during 1941, owing principally to shipping shortages, but a basic framework of operation was developed which, it was also felt, could be formed into a useful addition to marketing organization in

post-war years. This plan consisted essentially of the assumption of control over exports by the Commonwealth Government and the arrangement of contracts with British and other governments or foreign companies for the sale of Australian products at agreed prices. To this end various new boards and committees were established or the functions of existing marketing organizations were utilized. These organizations include the following: Australian Wheat Board; Central Wool Committee; Apple and Pear Marketing Board; Dried Fruits Board; Egg Board; Hides and Leather Board; Dairy Produce Control Committee; and Canned Fruits Control Board. Publication of production statistics for many commodities has been suspended for the duration of the war, but it is known that adverse seasonal conditions as well as labour shortages in primary industries and other factors induced by the war resulted in decreased output in 1941 of a number of important primary products. Against this, however, the Commonwealth Statistician's price index for all farm products was recorded at 853 for 1940-41 (1928 = 1,000) as against 796 for the previous year. The price index for the second six months of 1941 was 868.

WOOL

Australia's oldest and greatest primary industry, wool-raising, was relieved of many embarrassing possibilities by Great Britain's purchase of the entire clip for the duration of the war and of one clip thereafter.

The 1940-41 wool year, which closed on June 30, 1941, was, however, the first season of operation under the Imperial Wool Purchase Scheme, by which the entire production of greasy and scoured wool was disposed of to one purchasing authority. Prior to the introduction of the scheme in October, 1939, a small proportion of early-shorn wools of the 1939-40 season had been shipped, while fellmongered wools were being sold privately. In the 1940-41 season, however, every bale of wool, including the output of the fellmongering establishments, came under the scheme and was appraised according to the official Table of Limits provided for the confidential use of appraisers under the Wool Appraisal Scheme. Under this scheme the flat rate agreed upon for purchase of the Australian clip was 13·437d. per pound, and this price obtained for two years. It was announced, however, that the Government intended to review the wool-marketing agreement with Great Britain before its renewal in May, 1942, when, presumably, the matter of price would be discussed.

To total number of bales appraised for the 1940-41 season was 3,506,210 (3,604,316 in 1939-40), and the total weight 1,044,039,499 pounds with an appraised value of £55,251,133. The average appraised price per pound for greasy wool was 12·085d., which was 89·92 per cent of the United Kingdom Government purchase price of 13·437d. The difference between the appraised value of the clip and the value at the United Kingdom purchase price (equivalent to 11·19 per cent of the appraised value) amounted to £5,708,695 and was paid to growers, together with the retention money of 5 per cent withheld throughout the season and amounting to £2,594,861. This made a total payment of £8,303,556, equivalent to 16 per cent of the appraised value of participating wool. The total amount realized by the growers was £60,937,966 as compared with £65,246,476 in 1939-40.

Through the operation of the Imperial Purchase Scheme, the Imperial Government has obtained ample supplies of wool. Effective measures have been adopted to prevent any of the wool reaching enemy or enemy-occupied countries, and a measure of stability has been enjoyed by the wool-producing industry, which has enabled it to carry on at a time when, with existing difficult shipping and marketing facilities, a chaotic situation might otherwise have resulted.

Notwithstanding shortage of labour in the industry, little difficulty was experienced in handling the large volume of wool, despite the anxiety of some

owners to expedite operations owing to prevailing drought conditions. The shipping aspect, however, was not so satisfactory, as tonnage was needed for more urgent supplies, and this necessitated the provision of increased storage facilities at production centres.

The future of the wool trade at the end of 1941 was obscure and, as there were then no special reasons for expediting clearances of wool, it was expected that operations would be slowed down to some extent. Furthermore, at the end of the year there were ample quantities of appraised wool instantly available to meet any demand.

During 1941, Australian factories received large orders for wool and worsted woollen and knitted goods from many sources, and so steady was the demand that it became necessary to suspend production of yarns for civilian clothing. Up to the end of 1941 no actual shortage had been felt by civilians, as ample stocks of goods were in manufacturers', wholesalers' and retailers' hands. Undoubtedly the local manufacturing branch of the trade will show steady development while the demand lasts. War difficulties prevent any substantial import of additional plant, which may prove beneficial to the stability of Australia's post-war woollens manufacturing industry.

After many years of research in Australia, definite success has been attained in the important matter of rendering woollen goods unshrinkable. The Australian Wool Board showed interest in the introduction of the latest British methods into Australia, and the International Wool Secretariat, after exhaustive tests, pronounced in favour of the Woolindras process. The Australian Council for Scientific and Industrial Research conducted tests of various processes, several of which were found to be effective. The Freney-Lipson process, evolved at the McMaster Laboratory in Sydney, convinced experts that it would solve the problem, and it is claimed that the process is quite as effective as and cheaper than the British processes. The Council for Scientific and Industrial Research has arranged for semi-industrial scale tests in Melbourne and Sydney in regard both to wool and tops. The results of local experiments are regarded as extremely satisfactory.

WHEAT

At the outbreak of war the outlook for Australian wheat was anything but satisfactory, and the industry justifiably viewed the future with a considerable degree of pessimism. The Australian Wheat Board was created by the Commonwealth Government in October, 1939, to be the sole marketing authority, and it succeeded in disposing of the greater proportion of the record 1939-40 crop of more than 210 million bushels. Drought during the succeeding winter of 1940 reduced the 1940-41 harvest to 82 million bushels, thus simplifying the task of the Wheat Board of disposing of the crop in an ever-lessening market. It became obvious that if wheat-growers were to be guaranteed a fixed price for wheat harvested, some limitation of production would be required while markets were dwindling, and consequently announcement was made of a fixed price of 3s. 10d. per bushel f.o.b. up to a maximum of 140 million bushels. The necessary control of production was ensured by requiring registration and licensing of wheat-growers and the limiting of acreage to the average sown during the three years preceding the war.

Seasonal conditions throughout 1941 were generally favourable except in Queensland and parts of New South Wales, where severe drought conditions persisted. Estimated production for the season 1941-42 is 164 million bushels, of which the Australian Wheat Board expects to acquire 145 million bushels. Despite control of acreage, the area sown to wheat in 1941-42 slightly increased to 12,653,000 acres as compared with 12,454,000 acres in 1940-41. The average yield of wheat in 1940-41 was 6.64 bushels to the acre as compared with an estimated yield of 12.71 bushels in 1941-42.

Since the beginning of operations by the Australian Wheat Board in October, 1939, the weighted average of shippers' limits for growers' bagged and bulk lots, Sydney, Melbourne and Adelaide, rose from 32d. per bushel in November, 1940, to 50d. in December, 1941. Average returns on a similar basis during the past seven years were as follows: 1935, 37·84d.; 1936, 49·69d.; 1937, 60·61d.; 1938, 40·72d.; 1939, 29·37d.; 1940, 47·50d.; 1941, 49·81d.

Payments to growers on 63,632,000 bushels of wheat acquired during 1940-41 totalled 35·5½d. per bushel for bulk wheat and 3s. 7d. per bushel bagged, less in each case 4½d. per bushel for freight to ports. This compared with advances of 3s. 4½d. and 3s. 6½d. for wheat acquired in 1939-40.

The 1941-42 grant by the Commonwealth Government for the reconstruction of marginal wheat lands amounted to £560,000. The purpose of the scheme, which is in its second year, is to reduce uneconomic wheat-growing on marginal areas by transferring about half of the settlers on marginal areas and giving those remaining reasonable prospects of carrying on on a profitable basis with larger holdings devoted mainly to farming operations other than wheat-growing.

BUTTER AND CHEESE

Adverse seasonal factors in all states except Western Australia affected the production of butter and cheese during the financial year 1940-41.

Aggregate quantities of butter and cheese produced in Australia during 1940-41 were 3,877,941 cwts. and 542,363 cwts. as compared with 4,239,753 cwts. and 623,074 cwts. in 1939-40.

Under the Commonwealth Equalization Scheme, operating in respect of the States of New South Wales, Victoria, Queensland and Tasmania, the wholesale price of butter for local use was fixed at 140s. per cwt. or 1s. 3d. per pound in May, 1934. Increases were made subsequently, and in June, 1938, the price was fixed at 158s. 8d. per cwt. or 1s. 5d. per pound, at which figure it stood at the end of 1941.

An application by the dairying industry during 1941 for an increase in the Australian price of butter was refused by the Government on the ground that increased costs in the industry since the outbreak of war were not so high as the 25 per cent increase in total returns to the industry.

Average equalization values per cwt. since the establishment of the Equalization Committee are as follows: 1934-35, 101s. 6d.; 1935-36, 117s. 6d.; 1936-37, 123s. 2d.; 1937-38, 136s. 6d.; 1938-39, 136s. 3·5d.; 1939-40, 141s. 19·25d.; 1940-41, 143s. 1d.

The costs of administering the Equalization Scheme for the 1940-41 season, based on the volume handled, was approximately 1·23d. per cwt.

EXPORTS UNDER CONTRACT

The export of Australian butter continued under contract to the United Kingdom Government during 1941. The first contract made with that Government in 1939 provided for the purchase of 75,500 tons of butter and 13,000 tons of cheese; under the 1940 contract these quantities were increased to 100,000 and 20,000 tons respectively. Shortage of refrigerated shipping space made it necessary to limit purchases under the 1941 contract to 57,000 tons of choicest and first-grade butters. The British Ministry of Food, was, however, prepared to take up to 40,000 tons of cheese and any additional quantities that could be manufactured. The contract price for choicest butter remained unaltered at 137s. 2¼d. per cwt., but the third contract provides for a price of 4s. 9d. per cwt., to be deducted and credited to a special fund in order to meet certain expenses in connection with the wartime handling of this product.

For the first two years of the war the contract price for cheese was fixed at 76s. 6¾d. per cwt., but this has been increased to 83s. 9d. per cwt. for 1941-42

in order to encourage the change-over from butter manufacture to cheese production. A special committee of the Australian Dairy Produce Board has completed arrangements for loans to approved manufacturers for the purpose of establishing buildings and plant necessary for cheese production. Manufacturers will be guaranteed against capital loss as a result of their providing additional buildings and plant.

To finance the proposed guarantee to cheese manufacturers, it was decided to deduct 3s. 1d. per cwt. from the amount received for butter. This amount would be collected by reducing the compensation price on claims presented to the Commonwealth Bank for shipments of butter under the current contract with the British Government.

GUARANTEED PRICES

Total surplus butter during 1940-41 season was 106,000 tons, including approximately 12,000 tons of second-grade and pastry qualities. In order to overcome the problem of the disposal of surplus second and pastry qualities, the Government announced an acquisition scheme which came into operation in December, 1941. By this scheme it was intended to prevent butter of inferior quality from adversely affecting the domestic market and, therefore, the prices received for first-grade butters. The Commonwealth authorities will guarantee manufacturers minimum prices to be fixed periodically. For December the guaranteed price for second quality was fixed at 9d. per pound and from January 1 to June 30 the price will be 6d. per pound. Stocks of pastry quality butter in the hands of manufacturers at midnight on November 30, 1941, were acquired at a price of 4d. per pound, but after that date compensation paid depended upon prices realized for such butter by the authorities.

Local and overseas sales of second-grade butters were to be strictly controlled, and made only under conditions set out by the Dairy Produce Control Committee. The local minimum price was 1s. per pound, and export prices were to be determined from time to time.

Manufacturers and agents making sales locally of second grades could do so only on receipt of declarations from buyers that the butter would be used for culinary and manufacturing purposes only. Proceeds of such sales, less a selling commission of 3 per cent, would be paid to the Committee.

This scheme, it is realized, will not entirely solve the problem of the disposal of inferior butters, but it is hoped that the very low return which will now be made to dairy farmers will provide the best solution to the problem, i.e. the elimination of inferior cream.

Seasonal conditions in eastern Australia throughout the latter half of 1941 were most unfavourable. Consequently the change-over by butter factories to cheese production, despite governmental assistance, was slow.

EGGS

Recommendations presented at a meeting of the Australian Agricultural Council held in August, 1940, included plans for the development of the poultry industry, particularly in the wheat-growing areas, with the object of diversifying production and, in addition, to stimulate production of eggs for export to the United Kingdom to replace supplies previously obtained from Europe.

In order to save both refrigeration and shipping space, plans were prepared for the large-scale powdering of eggs, and drying plants were imported from China. The whole of Australia's export surplus for the third war year was accepted by Britain, the greater portion, comprising supplies from New South Wales and Victoria, to be shipped in powder form.

Owing to difficulties associated with the collection of poultry statistics, no particulars of the production of eggs in Australia are available. Efforts are

being made to rectify this condition, but statistics of the overseas trade in eggs are the only currently available indication of the output of the industry in Australia. These particulars are as follows:—

Australian Exports of Eggs in Shell and Egg-contents

	Eggs in Shell		Egg-contents	
	Doz.	£	Lbs.	£
1934-35.....	21,718,740	1,148,254	.....	3,479
1935-36.....	17,365,132	910,892	290,612	7,170
1936-37.....	15,459,027	954,578	652,859	19,756
1937-38.....	11,287,363	686,713	426,320	16,926
1938-39.....	10,144,344	638,159	650,470	23,065
1939-40.....	10,279,346	397,854	560	18
1940-41.....	17,881,732	1,122,758	1,095,356	45,354

AUSTRALIAN IMPORTS OF MACHINE TOOLS AND EQUIPMENT FROM THE UNITED STATES

FREDERICK PALMER, CANADIAN TRADE COMMISSIONER

Melbourne, April 24, 1942.—An entirely new procedure for importing from the United States all equipment the distribution and sale of which is controlled by the Director of Machine Tools and Gauges, Melbourne, was introduced and took effect as from April 22, 1942. This new procedure was adopted by the Directors of Import Procurement and Machine Tools and Gauges in an endeavour to expedite the dispatch of orders from Australia and the shipment of supplies thereto.

The main changes in the former procedure are:—

1. Applications must be made on a new "Application for Procurement" form (six copies), which is now the only form to be used. Orders must not be forwarded direct to United States suppliers by applicants.

2. These six copies, duly signed and completed, must be lodged by the applicant with the Director of Machine Tools and Gauges, Melbourne, or his representative in the respective states.

3. Import licences are unnecessary and will no longer be used in respect of machine tools and other equipment under the control of the Director of Machine Tools and Gauges.

Such machine tools and equipment comprise the following:—

- (a) Machine tools, including metal-working machine tools, irrespective of value, and wood-working machines of all kinds.
- (b) Electric motors and equipment, including transformers, switchgear and other electrical control apparatus.
- (c) Precision measuring equipment.
- (d) Small tools; bearings, including ball and roller bearings; balls and rollers for bearings; ball and roller races; hand tools, including tool holders, chucks, milling attachments and the like; components, including spare or replacement parts for any of the items aforementioned.

A complete list of precision equipment, metal-cutting tools and hand tools included in items mentioned above is on file with the Department of Trade and Commerce, Ottawa, and may be inspected on application (quote file No. 34786).

In the case of hand tools and similar equipment, merchants or importers may be requested to compile and submit for each line an application covering their twelve months' requirements in such lines, spread of delivery as required by the merchants being indicated. Each merchant may be required to take delivery of the goods allocated to him and to pay for them ex ships' slings as and when they arrive and arrange any necessary bond or security if required by the Division of Import Procurement.

Title to all machine tools will be retained by the Commonwealth of Australia. This may not apply to small tools, components, accessories, hand tools, etc., but the Director of Machine Tools and Gauges reserves the right to take possession of or divert to another destination any goods at any time.

SEED POTATO SITUATION IN URUGUAY

W. B. McCULLOUGH, ASSISTANT COMMERCIAL ATTACHÉ

Buenos Aires, May 21, 1942.—The Republic of Uruguay, with its 2,350,000 inhabitants, is situated on the north shore of the River Plate estuary, and is the smallest independent state in South America. Its area is 72,153 square miles, slightly more than two and one-half times the area of the Province of New Brunswick and about two-thirds of the area of the Province of Buenos Aires in Argentina. It has a seaboard of 120 miles on the Atlantic Ocean, a shoreline to the south on the Rio de la Plata of 235 miles, and one of 270 miles along the Uruguay (from which it takes its name) on the west.

The capital of the Republic is Montevideo, a modern city with excellent port facilities and a population of approximately 800,000, situated on the River Plate. The next largest city, Salto, is located in the northwestern part of the Republic and has a population of some 65,000.

Uruguay lies in the temperate zone. The average temperature is 62·67° F. and the humidity is 71·4 per cent. The temperature during the summer is usually from 90 to 140° F. and during the winter it seldom drops below freezing point. There is no clearly defined rainy or dry season. The total annual rainfall is about thirty-one inches, rainy days being more frequent during the fall and spring months.

To some extent the Uruguayan countryside resembles that of the Argentine pampa, except that it is not nearly as flat as the extensive areas in Argentina. The general topography may be classified as rolling or wavy. The highest altitude is not over 2,000 feet.

Unlike the situation in Argentina, where the land is practically all in the hands of the big landowners, 49·1 per cent of the farms in Uruguay, comprising 43 per cent of the total productive land area, is owned and worked by the proprietors, and 37·7 per cent of the farms, comprising 38·5 per cent of the productive area, is rented. The remaining 18·5 per cent of the land area falls in an intermediary group. Of the 73,414 farms in the country, 52,462 are of less than 247 acres each, and 411 are of more than 12,350 acres.

On account of its rich soil, general topography and equable climate, Uruguay is well adapted to live-stock production, and sheep- and cattle-raising are Uruguay's principal industries. According to the latest census, the live-stock population included over 8,000,000 head of cattle and nearly 18,000,000 sheep. Uruguay is an exporter of fresh meat and its by-products. Normally wool accounts for about 50 per cent of the total value of the exports.

FIELD CROPS

Rice is a comparatively new crop in Uruguay. A comparison of the acreages in field crops is shown in the following table for the years indicated:—

Field-crop Acreages in Uruguay

	1936-37	1937-38	1938-39	1939-40	1940-41	1941-42
			Figures in Acres			
Potatoes	11,537	19,427	22,037	21,259	19,219	20,254
Corn	537,450	528,928	541,086	516,442	563,766	542,852
Sunflower seed	8,662	11,439	19,308	102,878	175,906	146,708
Peanuts	4,041	6,704	6,368	8,675	12,110	19,834
Beans	24,922	26,150	21,541	23,302	23,734	*
Sweet potatoes	23,601	22,941	24,060	24,097	25,599	*

Field-crop Acreages in Uruguay—Con.

	1936-37	1937-38	1938-39	1939-40	1940-41	1941-42
			Figures in Acres			(
Wheat	985,234	1,374,293	1,255,622	1,164,393	925,141	1,093,938
Linseed	355,924	331,743	452,215	583,743	422,736	305,692
Oats	179,426	221,218	245,439	214,601	224,985	192,331
Barley	28,274	30,574	51,052	45,438	55,007	71,250
Birdseed	7,687	22,393	19,595	5,728	2,277	4,303
Rye	161	183	578	679	82	.....
Rice . . . . .	.....	.....	.....	13,234	11,327	12,866

* Not available.

POTATO ZONES

Although potatoes are grown in all parts of the Republic, the main zone is Rincón del Cerro, extending from about three miles west of Montevideo along the River Plate towards Colonia. This zone produces two crops each year, and its proximity to the chief market, Montevideo, is a factor favouring producers located therein.

Next in importance is the zone around Salto, in the northwestern part of Uruguay, which supplies the city of Salto and some early potatoes to the Montevideo market.

TWO POTATO CROPS PRODUCED

Two potato crops are planted each year in Uruguay, the first during August and September, referred to as the "winter planting", and the other during January and February, known as the "summer planting".

WINTER PLANTING

This is also sometimes referred to as the first or spring planting and is Uruguay's main potato crop, the cultivated area varying from 15,000 to 20,000 acres. Depending largely on the weather, planting may begin in July and continue into October. The grower plants in July with a view to having potatoes on the early market in Montevideo in October; however, the main planting is during August and September.

For the winter planting Uruguayans use their own seed from the previous crop and Argentine certified seed, mainly the first- or second-generation Canadian seed. All the July and part of the August plantings are of Argentine seed, which at this time has had a sufficient rest period. Domestic seed from the previous crop does not sprout before late August or September. Some of the small-size seed from this crop is held for planting in the following February, but this applies chiefly to the Katahdin variety, as good results are not obtained from the February planting of other varieties. Due to the cold weather in July and August, 1941, the early (July) plantings were a complete failure, with the result that Uruguay was short of table potatoes during October and early November and imported approximately 71,000 bushels of table stock from Argentina.

SUMMER PLANTING

The summer planting is also referred to as the second crop and is of most interest to Canada since it is for this planting that Canadian seed is supplied. The crop is planted during January and February, the months in which summer temperatures are highest. The area planted for 1942 is approximately 5,000 acres as compared with some 16,000 acres for the main crop. The summer planting in Uruguay in any year is considered risky, due to the high temperatures and the uncertainty of adequate rainfall. Usually growers wait until after a rain before planting; however, prolonged dry periods are not uncommon, and growers often plant with the prospect that a current dry spell will soon be broken. This crop is planted mainly with imported seed (other than that from Argentina), which this year

was practically all Canadian certified seed. This crop supplies table potatoes from May to late July and seed for the first planting in August and September. For this reason a variety requiring a short rest period is favoured for this crop. The Katahdin apparently has this property.

Due to the high temperatures and the lack of adequate rainfall, which are more often the rule than the exception, during and after planting, cut seed has not been as satisfactory as whole seed. The dry weather during January and February, 1941, considerably reduced the yield of fields planted with cut seed and, instead of Uruguay having sufficient supplies of potatoes up to August, it was necessary to import table potatoes from Argentina during June, July and August. During the same period in 1942 also, dry, hot weather prevailed after planting, with the result that some fields planted with cut seed (practically all Canadian) are a complete failure, whereas prospects for the crops planted with whole seed are good.

The Uruguayan farmer is accustomed to planting whole seed, which before the outbreak of war was obtained from European countries. Some growers prefer to plant large whole seed rather than run the risk of having the cut sets rot. It is understood that liming the cut seed did not prove to be of any advantage. It is the practice at present to plant cut seed immediately rather than attempt any treatment or leave the seed until the cut surface is suberized before planting.

The annual consumption of potatoes in Uruguay is approximately one bushel per capita as compared with three bushels per capita in Argentina. The following table shows Uruguayan acreage, production and imports for the years indicated:—

Uruguayan Production and Consumption of Potatoes

	1st Crop	2nd Crop	Domestic Production	Imports	Exports	Available for Consumption
	Acres	Acres	Bus.	Bus.	Bus.	Bus.
1935-36	15,729	1,378	1,105,617	625,691	238,222	1,493,086
1936-37	9,129	2,408	655,331	1,230,935	.....	1,886,266
1937-38	15,010	4,414	1,409,163	657,410	661	2,066,912
1938-39	17,396	4,644	1,414,159	613,275	1,396	2,026,038
1939-40	15,637	5,622	1,091,435	1,030,452	735	2,121,887
1940-41	13,496	5,723	999,144	1,178,880	.....	2,178,024

Complete data on importations into Uruguay of seed and table potatoes are not available. However, owing to the close proximity of Argentina and the low transportation cost therefrom, Uruguay has in recent years purchased most of her imported table stock requirements and seed for the winter planting from that country. The potatoes are transported by boat from Mar del Plata, which borders on the Balcarce zone, to Montevideo. In many cases no rail haul is necessary.

VARIETIES IN DEMAND

A number of varieties of potatoes have been tried in Uruguay, but none measure up to the Katahdin, which, on account of its many good qualities, is preferred. The Katahdin is comparatively better adapted to Uruguayan conditions than are other varieties. Yields from it are higher, and the potatoes not only have an attractive appearance on the market but are preferred by the trade on account of their lower starch content. In Uruguay this variety will give favourable yields for more than one generation, but not to the same extent as in the Balcarce zone in Argentina. However, potatoes from the summer crop, harvested in May, are used as seed for planting in August. Then, in turn, the small-size Katahdin from this crop can be planted in the following February, whereas other varieties do not sprout in time. Therefore the short dormant period of the Katahdin is of advantage in Uruguay, as is also that of the Argentine seed purchased for the July planting, whereas in Argentina a longer dormant period would be preferred as far as seed of more than one generation is concerned.

The Uruguayan Official Seed Distribution Service obtained from Canada and the United States a trial shipment of 250 crates of the following varieties: Sebago (150 crates), Huma and Sequoia (30 crates each), and Masaba and Pontiac (20 crates each). These varieties were planted in different areas, and the Katahdin was used as a basis for comparison of results. There was no outbreak of late blight this year, therefore these potatoes could not be tested for resistance to this disease. The Sebago showed a higher percentage of leaf-roll and of misses than any other variety and, although it lacked the vigour of the Katahdin, Sequoia or Huma, it showed more vigour than the Masaba, which made a very poor showing in the field. The Sequoia, Huma and Pontiac compared favourably with the Katahdin in stand and vigour. These varieties will be harvested during the latter part of May and carried through to the next crop. Results obtained from succeeding multiplications will indicate the future possibilities for these varieties in Uruguay.

SEED CERTIFICATION

Uruguay has no seed potato certification service. The Official Seed Distribution Service maintains a system of certification for cereal and grain seeds, including the cleaning of the seed in large government-owned plants, and supplies seed to farmers at minimum prices. The latitude, temperature and elevation of Uruguay are not favourable to seed-potato production. The Official Service of course renders assistance to the potato-growers and endeavours to obtain the best seed at minimum prices. The Service may carry over potatoes from trial plots or, as was the case last year when some of the imported certified seed purchased by the Service was not sold, may plant this seed and make the resultant crop available to growers for the next crop. The practice with respect to domestic seed is to save the small potatoes of the first generation from the imported stock.

GENERAL OUTLOOK

Although Uruguay has two potato crops each year, it does not produce a sufficient quantity of seed or table stock to meet domestic requirements. Production of table stock has been supplemented in recent years by imports from Argentina, and since 1937 Uruguay has been purchasing increasing quantities of Argentine certified seed—first- and second-generation Canadian seed—for planting their main crop.

Normally Uruguay is short of table stock from August to November. However, supplies can be obtained in Argentina at this time at low prices when that country has a surplus crop. Since potatoes reach Montevideo by boat from Mar del Plata, on the edge of Balcarce zone, one of the largest production zones in Argentina, transportation costs for both seed and table stock are also low.

It is the second crop, or the January-February planting, in Uruguay that is of most interest to Canada, since it is for this crop that Canadian seed is supplied. Table stock is obtained from this crop up to July, as is also domestic seed for the main crop planted in August-September. Unfortunately adverse weather conditions usually prevail at and after the planting period for this crop, and there are many losses, due to the rotting of sets, particularly of the cut seed. This is apparent in the current crop planted in January, some fields being a total loss and others badly affected. As a result of the poor crop, Uruguay will have to import table potatoes, probably as early as June of this year. A factor limiting any large increase in the acreage of the second crop is the availability in Argentina of quantities of low-priced table potatoes from May to September. Uruguay would be more likely to purchase some of these supplies than increase its own acreage.

PROSPECTS FOR 1942

In 1941-42 Canada supplied 66,764 crates of certified seed potatoes to Uruguay, or all of the imported seed for the second crop, as compared with 58,000 crates in 1940-41.

Uruguay will be in the market again this fall for Canadian seed of the Katahdin variety. The demand will be for a higher percentage of small-size seed, or preferably for total shipments of this grade. The Official Seed Distribution Service, a government organization, is anxious to contract for a quantity of small-size Katahdin seed. The demand for imported seed this fall should be about the same as last year, which may be modified by the price of imported seed next season, the shipping situation, and the quantities of small-size seed available.

ECONOMIC AND INDUSTRIAL DEVELOPMENT IN ARGENTINA

J. A. STRONG, CANADIAN COMMERCIAL ATTACHÉ

IX. Monetary Situation*

The principal productive efforts of Argentina, based on her main resources, may be divided into three broad classifications: (1) animal products such as meats, wool and hides, (2) grain, and (3) manufactured goods. Other main productive efforts are based on services rendered—transport, finance, commerce, and government service.

Following is a summary of the effect of the war on the three broad classifications:—

ANIMAL PRODUCTS

Argentina can dispose of all its surplus animal products abroad. In terms of current local money values, the Argentine live-stock producer is extremely prosperous. The factor limiting exports is the effect excess export sales have on the prices of these products for home consumption. Differential export and import prices or straight subsidies could be utilized to correct an unfavourable situation should it arise.

GRAIN

Argentina can dispose of little more than a third of her surplus grain production, due to lack of export demand and shortage of ocean shipping for bulky grain cargoes as against animal products. The surpluses are being stored, and the grain that cannot be disposed of is allowed to deteriorate. Farmers are offered from 35 to 40 cents per bushel for wheat and 22 cents per bushel for corn. For both animal products and grain the producers are being paid by the Government whether or not these products can all be sold again, as in the case of the latter, or whether full returns can be obtained in goods or services from sales, as in the case of those to the United Kingdom where part of the proceeds are blocked in London.

MANUFACTURED GOODS

Further expansion of this branch of Argentine production is limited by the country's dependence on imported raw materials, which are difficult or impossible to obtain now. Argentine resources do not permit of the substitution of domestic products for all goods formerly imported.

Argentina might possibly reduce the burden of its present problems by the redistribution of its productive capacity between the three broad groups or by

* This is the concluding section of Mr. Strong's report on Economic and Industrial Development in Argentina, which has appeared in successive issues of the *Commercial Intelligence Journal* beginning with No. 1997 (May 9, 1942).

the diversion of its potential efforts in new directions. If the output of animal products should be reduced because payment for all the exportable surplus could not be obtained in tangible form, as in goods, less meat could be shipped abroad. If less grain is produced, there is the question of providing for the displaced producers. If the present group of tenant grain farmers should have to leave the land, they might not be content to return again after the war, and Argentina might be left without enough grain to offer, due to lack of storage facilities, when markets open again.

The Argentine Government has just announced that purchases of sunflower seed from the 1942-43 crop will be limited to 70 per cent of the amount of the current crop. This policy may possibly be extended, therefore, to other grain crops. Lack of adequate raw materials and machinery is the chief factor limiting the further important expansion of home manufacturing industries with a view to replacing the shortage of imported goods. Consequently the question of a possible diversion on a large scale of the home productive effort to new channels presents serious problems that are connected directly or indirectly with the current international situation.

The position is, therefore, that the Government is giving the producers tokens in payment for their excess production, which cannot all be redeemed in goods now, and it will not be possible to redeem them in goods in the near future for reasons that are beyond the control of the Government. It would be manifestly unfair to permit the producers to compete indiscriminately in trying to exchange all these tokens for the goods that are available for purchase. The wholesale price index for non-agricultural products was at 194·3 in December, 1941, as compared with an average of 135·4 for 1940 (1926=100). Rationing measures have been adopted already or are ready to be applied in order to ensure the equitable distribution of the limited quantities available of some of the principal imported materials such as newsprint, jute, fuel, tinplate, rubber, motor cars, steel, nickel, zinc, aluminium, copper, bronze, calcium carbide, caustic soda, methyl alcohol, dynamite, cellulose acetate, copper sulphate, paint solvents, and a few other essential products.

The effects of this situation are of course reflected in the Argentine monetary system, although these effects do not as yet all stand out in clear relief, since the country is only now having to face its real problems. The root of the problems is the impossibility, as indicated previously, of exchanging enough of the surplus purchasing power of the country for imported goods. This fact combined, with an influx of new capital from abroad last year, has led to the accumulation of a favourable balance in the external payments of \$188 million since 1939, with its effect on the monetary reserves of the country.

The Argentine Government has resorted to the private commercial banks to finance the purchase of the grain crops from producers. This financing is done by the semi-official Bank of the Nation, although the Central Bank placed the equivalent of \$83 million in 2·75 per cent consolidated Treasury Bonds in 1- to 5-year series with the other commercial banks last year for transfer to the Bank of the Nation in order to relieve the position on grain advances.

There has been less dependence on bank credit in connection with the other short-term financing of the Government. The Central Bank, as fiscal agents of the Government, is endeavouring to obtain as large an amount as possible of the funds required for current short-term financing direct from the public in order to avoid as far as possible a further inflation of bank credit.

Following is a comparative statement of the position of the Argentine Central Bank, as shown by its balance sheets, for each year since 1938:—

Balance Sheet of Central Bank as of December 31

	1941	1940	1939	1938
	Figures in Canadian \$1,000			
Assets—				
Gold at home	358,368	357,149	408,139	408,139
Gold and foreign exchange abroad . .	155,589	85,901	57,078	23,783
Buyers' forward exchange	2,209	1,870	4,493	6,128
Consolidated treasury bonds	131,177	131,563	131,939	132,303
Non-interest government bonds	39,628	39,628	39,628	39,628
National securities	19,613	17,359	15,206	9,646
Subsidiary currency	2,872	7,540	454	733
Rediscounted paper . . . . .	.....	3,523	.....	.....
Bank premises . . . . .	.....	.....	.....	.....
Temporary advances to government . .	.....	8,721	.....	16,752
All other assets	4,353	828	3,921	1,867
Total	713,809	654,082	660,858	638,979
Ratios of gold and foreign exchange to—				
Notes in circulation	111.75	108.61	117.17	115.90
Notes in circulation and sight liabilities	75.85	75.05	77.45	83.6
Liabilities—				
Capital	6,666	6,666	6,666	6,666
General reserve fund	2,433	2,118	1,815	1,519
Special reserve consolidated bonds . . .	7,547	5,758	4,166	.....
Special reserve, contingencies	833	833	833	500
Special reserve, bank premises	500	500	500	833
Notes in circulation	459,990	407,925	397,049	372,652
Bank deposits	186,858	145,709	142,563	106,861
Public deposits	18,576	35,428	.....	.....
National government deposits . . . . .	.....	.....	58,489	36,569
Other deposits	9,124	829	2,226	305
Certificates of part. consolidated treas-				
ury bonds	10,000	42,266	38,316	100,783
Forward exchange sales	2,209	1,870	4,626	6,128
Profit and loss account	2,635	1,835	1,767	1,727
All other liabilities	6,438	2,345	1,842	4,436
Total	713,809	654,082	660,858	638,979

The consolidated balance sheets of the private commercial banks in Argentina at the end of each year since 1937 show the trends in the main items as follows:—

Balance Sheets of Private Commercial Banks as at December 31

	1941	1940	1939	1938	1937
	Millions of Canadian Dollars				
Current Assets—					
Gold	0.1	0.2	0.3	0.3	0.3
Notes of Central Bank	109.9	105.3	112.4	95.9	102.5
Deposits in Central Bank	177.6	138.0	149.2	114.1	127.1
Other Assets—					
Deposits abroad	14.5	19.9	4.5	24.2	25.8
Short-term investments	68.5	93.9	81.8	121.3	197.8
Bonds and securities	131.3	89.2	99.1	87.4	93.9
Total	531.9	446.5	447.3	443.2	547.4
Loans—					
Discounts	489.3	484.8	442.2	443.4	374.2
Advances*	445.9	294.0	301.7	246.3	223.5
Sub-total	935.2	778.8	743.9	689.7	597.7
Advances to Grain Board	260.5	92.2	92.5	15.0	none
Net other discounts and advances . .	674.7	686.6	651.4	674.7	597.7
Government treasury bills	9.2	0.1	12.8	0.1	8.4
Other	133.3	149.6	160.4	173.6	178.6
Total loans	1,077.7	928.5	917.1	863.4	784.7
Grand total	1,629.6	1,375.0	1,364.4	1,306.6	1,332.1
Deposits—					
Current	694.8	505.6	493.9	437.4	467.3
Savings	633.0	595.8	599.0	601.2	603.3
Time	113.4	118.4	124.4	140.1	140.5
Other	95.5	93.5	86.6	84.7	82.5
Total deposits	1,536.7	1,313.3	1,303.9	1,263.4	1,293.6
* Includes government treasury bills.					

The statement of the Central Bank shows that holdings of gold and foreign exchange increased by \$48 million since 1939. Note circulation increased by \$62 million during this period, or by 13.5 per cent. There was an increase of \$233 million in the deposits of the private banks since 1939, whereas commercial loans increased by only \$160 million, including advances by the commercial banks to cover the Government's grain purchases, which alone increased by \$168 million during the period. There was, therefore, a net decrease of \$8 million in the other loan items of the commercial banks. The deposits of the commercial banks with the Central Bank increased by \$28 million since 1939. The increase in bank deposits and in note circulation must be considered in conjunction with Argentina's accumulated surplus in her external balance of payments position, amounting to \$188 million since 1938. A part of this favourable balance remains blocked in London. Last year the Central Bank requested the private banks to close out, as far as possible, their foreign currency balances held in Argentina for clients. The comparatively large net inflow of new foreign capital last year, amounting to over \$100 million, for investment in local land or securities may affect the securities market later if these funds should be suddenly withdrawn from Argentina.

The current easy cash position of the commercial banks reflects the difficulty in finding profitable and safe employment for all the funds placed at their disposal by depositors. Large current deposits are being carried in individual cases without interest.

NATIONAL DEBT

The net floating debt of the Government was the equivalent of \$229 million at the end of 1940 and increased by another \$133 million during 1941. The short-term borrowing position of the Government at the end of 1940 included \$52 million in internal treasury bills and \$91 million advanced to the Government from the exchange profits account. There was an accumulated net balance of \$123 million in this account at the end of 1940. This balance would have increased during 1941. Exchange profits represent therefore a useful source of income in case of need.

The amount of government treasury bills (pesos) in circulation at the end of 1941 was the equivalent of \$83 million. An interesting feature was that 69 per cent of these treasury bills were in the hands of the public and private commercial firms. They are now traded in regularly on the stock exchange in Buenos Aires. The private banks held \$25 million of these treasury bills.

The circulation of certificates of participation in consolidated national treasury bonds and of certificates of custody of gold and exchange was \$51 million at the end of 1941. The average interest rate at which the former were placed was 1.17 per cent in December, 1941, as against 2.38 per cent in January, 1941.

The effect of the easy money position is reflected in the current low interest rates on short-term government borrowings as shown in the following table:—

Trend in Short-term Interest Rates

	1937	1938	1939	1940	1941
Treasury bills—					
30 days	2.05	2.12	2.06	2.00	0.76
90 days	2.25	2.50	2.48	2.41	1.08
1 year		2.97	3.00	3.00	2.24
Certificate consolidated bonds (1 year)	1.72	2.38	2.38	2.38	1.17
Bank interest, 90-days deposit	1.93	2.47	2.39	2.31	2.10
Yield from national government bonds	4.87	4.89	4.86	4.82	4.24

It was the easy money situation which permitted the Argentine Government to carry through the successful \$1.333 million debt conversion operation last

November, reducing the interest rates of from 5 and 4½ per cent to a straight 4 per cent and making the national government bonds subject to income tax for the first time. The problem of the investor is to find an opportunity for investment in Argentina. Taxes could be increased, as on excess profits, above the present level and so reduce the surplus purchasing power in the hands of the public. These surplus funds cannot be spent now on commodities, due to shortages, but, if taxation were imposed in excess of the immediate financial needs of the Government, the problem of the interim employment of the surplus purchasing power would be merely shifted from the individual to the Government. In either case the problem remains one of safeguarding this surplus as well as possible until such time as some part of the surplus represented by the favourable balance of external payments can be invested in foreign goods which can be brought to Argentina.

The economic problems of Argentina to-day are in all respects those of wartime, except that potential productive efforts are not being utilized in the production of armaments. Unlike in a wartime economy, however, it is not realized by the people that they will probably never be able to exchange the full production of their own present efforts for other goods at the present rates of exchange of goods for money and of money for goods. Current Argentine economic and financial problems are only serious in relation to normalcy; they are not really serious in relation to world problems.

MARKET FOR FISH IN PUERTO RICO

C. S. BISSETT, CANADIAN TRADE COMMISSIONER

Havana, June 5, 1942.—Puerto Rico is one of the most important single markets for fish products, particularly dry salt fish, in the whole Caribbean area. Although the population is only some 1,600,000, annual purchases of fish of all kinds are approximately equal to the combined annual purchases of Cuba, Haiti and the Dominican Republic. These three countries together have a population about five times as great as that of Puerto Rico. The level of purchasing power in this United States possession has always been appreciably higher than that in any of the other countries in the Caribbean area. This is reflected in the comparatively high per capita consumption of fish products of all kinds. The density of population, which is about 450 per square mile, is another important factor affecting the consumption of fish. Unlike Cuba and the Dominican Republic, Puerto Rico has no cattle industry of importance, and the consumption of meat is therefore relatively low. This is offset principally by a higher fish consumption than in the other inslands.

RECENT ECONOMIC TREND

The general up-turn in trade, culminating in 1937, was also experienced in Puerto Rico. Subsequently, however, the downward trend which took place in the following two years was considerably aggravated by certain United States labour laws that were automatically made applicable to the island despite the fact that the labour conditions which such laws were designed to correct were vastly different in Puerto Rico from those in similar trades in the United States. The result was the practical elimination of the needlework industry and the creation of difficult conditions in the sugar industry. However, late in 1939 the Federal Government undertook a fairly extensive public works program for both military and civil purposes, and this has continued up to the present time. This program was largely instrumental in restoring the purchasing power of the people in 1940 more or less to normal. Despite the fact that crop returns were poor, 1940 was a very favourable year.

This led to the best trading year (1941) in Puerto Rico's history, since not only was the public works program considerably accelerated, but the principal industry, production of sugar, experienced one of its most favourable years. Previously operating under a quota in its only possible export market, the United States mainland, the industry last year was called upon to supply a considerable part of the sugar that the mainland previously had obtained from Hawaii, the Philippines and other more distant countries. The shipping shortage, which provided Puerto Rico with an opportunity to dispose of practically the whole of the 1941 crop and all accumulated surpluses, still continues. At present, however, it has become so acute that even Puerto Rico is unable to obtain space for normal shipments from the bumper 1942 crop. Although this shortage may later considerably reduce the island's sugar exports, the general position up to the past few weeks was that the island profited greatly at the expense of other United States possessions, and during the past two years has experienced one of the best periods in its history. This general prosperity is reflected in the annual purchases of fish products of all kinds, despite greatly increased fish prices that do not appear to have greatly affected the rate of consumption. The appended tables cover the four-year period up to June 30, 1941, the end of the Puerto Rican fiscal year. Considering the greatly accelerated price rise, in dry salt fish particularly and also in canned sardines, since September of last year, it may be that the figures for the fiscal year 1941-42, when published, will show a considerable decrease in the tonnage imported.

CUSTOMS DUTIES

As Puerto Rico is an integral part of the United States, the customs duties on fish of all kinds entering the island are those imposed on fish entering that country. The rates on the various types of fish in which Canadian exporters are most likely to be interested are as follows:

Puerto Rican Customs Duties

Fish, pickled or salted—	Rate of Duty
Salmon	12½% ad val.
Cod, haddock, hake, pollock and cusk, neither skinned nor boned (except that vertebral column may be removed):	
Containing not more than 43% moisture by weight	1½ ct. per lb.
Containing more than 43% moisture by weight	1½ ct. per lb.
Cod, haddock, hake, pollock, and cusk, skinned or boned	1½ ct. per lb.
Herring (include sprats, pilchards and anchovies):	
Beheaded and eviscerated, but not further advanced (except fins may be removed)	1½ ct. per lb.
If known commercially as split herring	1½ ct. per lb.
Mackerel, in bulk or in containers weighing, with contents, more than 15 lbs. each (report net weight)	1 ct. per lb.
Alewives, in bulk or in containers weighing, with contents, more than 15 lbs. each (report net weight)	1½ ct. per lb.
Fish, smoked or kippered—	
Salmon	15% ad val.
Herring, whole or beheaded:	
Hard dry-smoked	1½ ct. per lb.
Other	1½ ct. per lb.
Herring, boned, whether or not skinned	1½ ct. per lb.
Herring, eviscerated, split, skinned, or divided (not boned)	2 ct. per lb.
Fish, in airtight containers—	
Sardines, in oil or in oil and other substances:	
Valued not over 9 cents per lb.	44% ad val.
Valued over 9 cents per lb.	30% ad val.
Fish, not in oil or in oil and other substances weighing, with contents, not over 15 lbs. each:	
Salmon	25% ad val.
Fish cakes, balls and pudding	25% ad val.
Herring, smoked or kippered or in tomato sauce, packed in immediate containers weighing with contents more than 1 lb. each	15% ad val.
Sardines and other herring (include snacks, tidbits, rollmops, sprats) . .	25% ad val.

MAIN DISTRIBUTING CENTRES

The capital, San Juan, located on the north coast, has a normal population of about 125,000 and is the principal distribution centre for the island. The chief sub-distribution centres are Ponce, with a population of about 65,000, located in the southern part; and Mayaguez, with a population of about 45,000, in the western part of the island. Some of the larger San Juan importers and distributors have either branches or sub-agents in each of these latter two cities. Some joint-buying agreements are in operation among firms in each of these three centres.

SALES METHODS

Fish is sold in Puerto Rico in many cases through agents who submit orders to exporters on a commission basis only; in other cases sales are made direct by exporters to the larger importer-distributors. Some of these firms will at no time place orders through agents but insist on buying direct. Some of them have standing agreements to purchase for other wholesalers in the towns in the interior.

DRIED SALT, SMOKED AND PICKLED FISH

For convenience, two tables are given hereunder, the first of which includes all dried salt, smoked and pickled fish, and the other all fish in cans or other airtight containers.

The annual trade figures covering the imports into Puerto Rico are divided into two sections; the first deals with imports from the United States only, and the second with those from all foreign countries combined. The latter gives no clue as to the countries or origin, but uses one global set of figures only to cover the imports from all foreign countries. It is accordingly impossible to show the exact origin of the various fish products treated in these tables. All the values given in them are in United States dollars.

As in the fish trade of all countries in the Caribbean area, the first of these two categories is much the more important. It accounted for about 80 per cent of the total imports into Puerto Rico of fish products of all kinds in the fiscal year ending June 30, 1941. The remaining 20 per cent was made up of various types of canned fish. This taste for cured fish has prevailed ever since the island was first colonized by the Spanish, who have always been noteworthy consumers of this food product.

The following table shows the total imports of the various cures in this group during 1937-38 to 1940-41, the last four fiscal years for which statistics are available:—

Puerto Rican Imports of Dried Salt, Smoked and Pickled Fish

	1937-38		1938-39		1939-40		1940-41	
	Lbs.	\$	Lbs.	\$	Lbs.	\$	Lbs.	\$
Dried salt fish—								
United States	618,100	38,388	450,735	28,878	698,183	47,804	571,223*	45,331*
Other countries	28,214,653	1,206,733	30,442,829	1,174,443	28,453,310	1,239,246	27,371,994	1,594,706
Total	28,832,753	1,245,121	30,893,564	1,203,321	29,151,493	1,287,050	27,943,217	1,640,037
Smoked herring—								
Foreign countries	1,489,650	44,139	814,855	20,277	589,524	17,079	906,834	33,177
Pickled herring—								
Foreign countries	278,520	4,991	749,440	18,495	423,401	10,343	302,480	8,541
Pickled and salted mackerel—								
United States							138,144*	9,800*
Other countries	27,500	1,500	26,100	995	113,800	3,719	67,950	2,670
Total	27,500	1,500	26,100	995	113,800	3,719	206,094	12,470
Pickled alewives—								
Foreign countries					5,000	278		

* Publication of United States import statistics was suspended at the end of March, 1941; imports for the months of April, May and June are not included, therefore, in the 1940-41 figures.

DRIED SALT FISH

In the last fiscal year dried salt fish alone accounted for almost 78 per cent of the total fish imports of all types, whether uncanned or canned. Much the greater part of these imports was dried codfish, only comparatively small amounts of dried haddock and scale fish being included. In normal years the quantity of codfish brought into the country ranges from 120,000 to 130,000 barrels of 224 pounds net weight. Some of the hard-dry cured codfish is shipped in tierces of 448 pounds net. The remainder of the imports under this heading is made up of the other varieties of fish mentioned above. Up to four or five years ago Canada supplied about one-fourth, and Newfoundland about two-thirds of the dried fish consumed. The remaining one-twelfth came from Norway, the United States and one or two other unimportant sources. Since that time, however, Newfoundland was able to capture a considerably increased portion of the total trade because of substantially lower prices. This increase was achieved mainly at the expense of Canadian exporters. Since the invasion of Norway there have been practically no imports from that country.

MARKET REQUIREMENTS AND GRADING

The customs tariff divides dried salt fish into two classes: (1) that containing less than 43 per cent and (2) that containing more than 43 per cent moisture by weight. The great bulk of the imports is in the latter category because the rate of duty thereon is 40 per cent less than that on the former. Much the greater part of the Canadian and Newfoundland supplies are in this category. The Norwegian fish, because it is always finished much drier, almost always contains less than 43 per cent moisture, and accordingly pays the higher tariff rate. The Norwegian grades formerly supplied were regular, superior and inferior. The Canadian and Newfoundland grades are large or prime, medium, and small. Only a small percentage of the imports are in prime grade, the bulk of the demand being mainly for the medium, and, to a lesser extent, for the small grade. The taste and food value of Canadian fish are generally considered to be superior to those of fish from any other country, and the Canadian product is the standard by which fish is judged in this market. Nevertheless the tariff classification according to moisture content, puts a premium on purchases of fish with a content above 43 per cent, which encourages the purchase of the cheapest fish obtainable. Accordingly price is an important factor in the Puerto Rican trade. With increasing prices in recent years, the sales of inferior types of codfish, such as Laborador slop, has tended to reduce the sales of the better grades of fish.

SMOKED AND PICKLED FISH

These two fish cures are comparatively unimportant in the island's fish import trade as compared with dried salt fish. The figures for smoked herring given in the foregoing table are almost entirely for bloaters, as very little trade is carried on in kippered herrings. As is the case in most tropical countries, kippered herrings, in order to withstand the climate, must be so heavily smoked and salted that their palatability is seriously lessened. A negligible amount of smoked salmon for the high-class hotel trade is also brought in.

The United States is not shown as a supplier of these types of herring. A certain amount is supplied in normal times by Norway, but the great bulk of the imports are from Canada. Packing is in the usual 18-pound box.

The import trade in pickled fish is even smaller than that in smoked fish. Packing is usually in barrels and tubs for the types shown in the foregoing table. The herring is mostly packed in brine, known as marinated and bismarck herring.

There is practically no demand for alewives, as the preference for pickled fish runs to herring and mackerel. The trade in the latter type has been slowly gaining ground during the past few years.

CANNED FISH AND SHELLFISH

The per capita purchase of canned fish by Puerto Rico is also considerably greater than that of any other country in the Caribbean area. This is due not only to the island's higher level of purchasing power but also to the fact that no customs duties are paid on the many varieties of canned fish prepared on and imported from the United States mainland. Whereas canned fish can be landed in the other Caribbean countries only at a heavy increase over its original cost, the landed price in Puerto Rico is very little higher than in the United States. Accordingly American suppliers have practically a complete monopoly of Puerto Rico's canned fish import trade. The share of this trade held by foreign countries is of only minor importance and is confined chiefly to canned fish specialties not produced in the United States. The following table shows that in the last fiscal year foreign countries supplied only about 2 per cent of the island's total canned fish imports:—

Puerto Rican Imports of Canned Fish

	1937-38		1938-39		1939-40		1940-41	
	Lbs.	\$	Lbs.	\$	Lbs.	\$	Lbs.	\$
Canned sardines—								
United States.. . . .	2,583,203	186,004	1,509,819	102,326	1,884,021	143,102	2,708,927*	199,236*
Other countries	75,819	10,170	67,237	7,262	3,914	843	15,445	2,412
Total	2,659,022	196,174	1,577,056	109,588	1,887,935	143,945	2,724,372	201,648
Canned salmon—								
United States.. . . .	1,116,198	100,646	456,748	38,283	644,623	65,518	833,612*	86,631*
Canned shellfish—								
United States.. . . .	77,906	16,185	86,660	20,454	151,868	33,831	158,997*	37,032*
Other countries	109	31	24	14	12,102	2,248	828	234
Total	78,015	16,216	86,684	20,468	163,970	36,079	159,825	37,266
Miscellaneous fish and fish products—								
United States.. . . .	303,835	31,164	187,811	25,055	222,541	22,344	49,605*	6,749*
Other countries	42,896	7,593	19,869	3,339	.....	.....	17,422	3,337
Total	346,731	38,757	207,680	28,394	222,541	22,344	67,027	10,086
Canned anchovies—								
Foreign countries	766	344	977	460	313	255	.....	.....
Canned tunny fish—								
Foreign countries	962	143	7,134	1,627	797	194	.....	.....
Canned antipasto—								
Foreign countries.. . . .	125	71	629	232	365	184	.....	.....
Other canned fish—								
United States.. . . .	.....	.....	.....	.....	.....	.....	54,780*	12,066*
Other countries	737	236	54,908	2,447	1,946	413	786	106
Total	737	236	54,908	2,447	1,946	413	55,566	12,172

* Publication of United States import statistics was suspended on March 31, 1941; imports for the months of April, May and June are not included, therefore, in the 1940-41 figures.

As is the case in every other country in the Caribbean area, the most important type of canned fish is the sardine. Under this heading are grouped all the various types of sardines, whether the young of the pilchard or of the herring, or whether from Mediterranean, North Sea, or Atlantic waters, and including the mature herring in cans and the Californian sardine or pilchard of the Pacific Coast. The bulk of the imports is composed of the Californian sardine or canned pilchard. This is packed as a rule in 15-ounce oval tins, although some companies offer the same product in weights down to 8 ounces, either in oval flats, square flats, or round tall tins. The sardine canners in the Bay of Fundy area of Maine also ship substantial quantities of small sardines packed in 3½-ounce Dingley quarters in olive oil, cottonseed and peanut oil, or so-called salad oils, and in tomato sauce. The sardines imported from foreign sources come almost entirely from the Mediterranean countries and are the

usual type in pure olive oil and in the various weights supplied from those countries.

As is natural, the United States has a complete monopoly of the canned salmon trade, and no other country is likely to be able to overcome the customs duty handicap which it would meet in any effort to sell this product in the island.

The canned shellfish figures cover many different kinds of fish of this type, almost all of which are of United States origin. These comprise clams of various kinds, including razor clams and clams in combination with other products; lobster, including spiny lobster and crawfish; shrimps; mussels; crab meat; oysters and other bi-valves, etc.

The miscellaneous fish and fish products figures include such items as fish cakes, fish balls, fish pudding, sauces and pastes, fish roe and sounds, and squid or cuttlefish.

It is improbable that Canadian exporters of canned fish will be able to make much headway in Puerto Rico in competition with American packers, since the types of fish packed in the two countries are so similar. The best prospects are in those items such as dried salt cod, haddock, hake, pollock and cusk, and smoked herring, of which Canada has always been a substantial supplier.

Economic conditions in the island are expected to continue at a comparatively high level, always providing that sufficient shipping continues to be available as required to move the sugar crop to the United States. While these conditions continue, the market prospects for dried salt fish would appear to be very favourable, despite the substantial price increases during the past nine months.

CONTROL OF EXPORTS: ADDITION TO LIST OF PRODUCTS AFFECTED

By Order in Council P.C. 5437, effective June 26, 1942, communication and power transmission poles of red cedar, included in Group 4 (Wood, Wood Products and Paper), are added to the list of commodities for which an export permit is required for shipment to any country.

TARIFF CHANGES AND TRADE REGULATIONS

British India

NEW IMPORT RESTRICTIONS

Mr. Paul Sykes, Canadian Trade Commissioner in Bombay, cabled on June 29 that the Indian Government has issued new import regulations which cancel open general licences hitherto applicable to imports from Canada, and that Canada and Newfoundland are now practically on the same basis as the United States as regards import restrictions.

Import restrictions were instituted in India by a notification of May 20, 1940, under Defence Regulations, which placed goods covered by sixty-eight items of the customs tariff under import control as from May 28, 1940. Importation of these goods was made subject to licence, but an open general licence was issued immediately admitting goods under sixty-one of the items from all British Empire countries except Hongkong. The list of goods requiring

licence when imported from Canada was at that time reduced to jams; jellies; pickles; chutneys; sauces and condiments (prohibited from June 25, 1940); patent and proprietary medicines; rubber manufactures, except footwear; stationery; and motor vehicles.

There were many subsequent revisions of restricted or prohibited commodities regarding which reference may be made, particularly to articles in *Commercial Intelligence Journal* No. 1954 (July 12, 1941), page 49, and No. 1965 (September 27, 1941), page 376. Finally, import control in India was extended to all commodities.

The cablegram just received states that all licences already issued have been cancelled and can be renewed only if the goods are considered essential. Among the commodities no longer considered essential and which may be imported only in special circumstances, the cablegram mentions the following:—

Foods, beers, wines and spirits, vinegar, tobaccos, cement, toilet preparations, perfumery, soap, pencils, paints, skins and leather, harness, trunks, dressed furs, rubber tires, furniture, stationery, paper manufactures, artificial silk thread, cotton thread (except sewing), flax or jute yarn, fabrics over 10 per cent silk or artificial silk, fabrics 50 per cent to 90 per cent cotton, bed sheets and covers, pillow cases, table cloths and napkins, handkerchiefs, shirts, shawls, towels, ribbons, oilcloth, mats and matting, silk or artificial silk socks or stockings, knitted cotton fabrics or apparel, lace and embroidery, hats and caps, umbrellas, earthenware, chinaware, sheet and plate glass, glass tableware and lampware, plated ware, jewellery, enamelled ironware, domestic hardware and stoves, garden tools, incandescent mantles, zipp fasteners, iron buckets, metal furniture, electric fans, motor cycles, cycles and carriages, clocks and watches, talking machines and records, musical instruments, firearms, cartridges, bangles, beads, brushes, toys, games, playing cards, buttons, smokers' requisites, manufactures of artificial leather.

New Zealand

IMPORT LICENSING IN 1943

The Canadian High Commissioner in New Zealand cabled on June 22 that the Seventh (1943) Import Licence Schedule, just issued, further restricts the activities of private importers. The New Zealand Ministry of Supply will handle such imports as rubber products, gasoline, oil, metals, machinery, tools, instruments, wire, unassembled motor vehicles, and pulp. Private licences will not be granted for the manufacture of material if restrictions in country of origin. The validity of 1942 licences is extended to June 30, 1943.

Australia

REGULATION OF IMPORTS OF MOTOR-VEHICLE CHASSIS

The Australian Department of Trade and Customs has advised its representative in New York that it is not proposed to establish further import quotas for motor-vehicle chassis of North American origin. Any application to import such chassis will be referred to the department's Division of Import Procurement in Sydney.

Australian regulations regarding imports of motor-vehicle chassis up to April 30, 1942, were dealt with in a notice published in *Commercial Intelligence Journal* No. 1934 (February 22, 1941), page 233.

Trinidad

NOTICE RE SPLIT BILLS OF LADING

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, reports that notice has been served by the banks in Trinidad that, consequent upon the passing of the Trinidad Harbour and Wharves (Dues and Management)

Ordinance, no further split bills of lading to the order of the banks will be accepted in respect of imports into the Colony as from August 1, 1942. Section 48 of this Ordinance states that: "Goods covered by one bill of lading or delivery order shall be delivered only to the person depositing the bills of lading or delivery order, and sub-delivery orders issued by the owner of the vessel or by the owner of the goods shall not be recognized." Local importers and manufacturers' representatives have been requested, therefore, to stipulate on all orders submitted that split bills of lading are no longer acceptable in Trinidad and that separate bills of lading, either to the shipper's or importer's order, should be issued to cover each importer's goods.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING JUNE 29, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, June 29, 1942, and for the week ending Monday, June 22, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending June 22	Nominal Quotations in Montreal Week ending June 29	Official Bank Rate
Great Britain	Pound	4.8666			
	Buying		\$4.4300	\$4.4300	2
	Selling		4.4700	4.4700	—
United States	Dollar	1.0000			
	Buying		1.1000	1.1000	1
	Selling		1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
	Bid		4.4200	4.4200	—
	Offer		4.4800	4.4800	—
Other British West Indies .	Dollar	1.0138	.9313	.9313	—
Argentina	Peso (Paper)	.4245			
	Official		.3304	.3304	3½
	Free		.2612	.2616	—
Brazil	Milreis (Paper)	.1196			
	Official		.0673	.0673	—
	Free		.0571	.0571	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
	Official		.0573	.0573	3-4½
	Export		.0444	.0444	—
Colombia	Peso	.9733	.6325	.6325	4
Venezuela	Bolivar	.1930			
	Official		.3313	.3313	—
	Free		.3324	.3324	—
Uruguay	Peso	1.0342			
	Controlled		.7307	.7307	—
	Uncontrolled		.5854	.5854	—
South Africa	Pound	4.8666			
	Bid		4.3862	4.3862	3
	Offer		4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
	Bid		4.5380	4.5380	—
	Offer		4.5906	4.5906	—
India	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
	Bid		3.5300	3.5300	3
	Offer		3.5760	3.5760	—
New Zealand	Pound	4.8666			
	Bid		3.5440	3.5440	1½
	Offer		3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

C. H. PAYNE, Director

Argentina

J. A. STRONG, Commercial Attaché, Bartolome Mitre 478, Buenos Aires (1). (Territory includes Uruguay.) *Cable address, Canadian.*

Australia

Sydney: **L. M. COSGRAVE**. Address for letters—P.O. Box No. 3952V. Office—City Mutual Life Building, Hunter and Bligh Streets. (Territory includes the Australian Capital Territory, New South Wales, Queensland, Northern Territory and Dependencies.) *Cable address, Canadian.*

Melbourne: **FREDERICK PALMER**, 44 Queen Street, Melbourne, C.I. (Territory includes States of Victoria, South Australia, Western Australia, and Tasmania.) *Cable address, Canadian.*

Brazil

L. S. GLASS, Commercial Attaché. Address for letters—Caixa Postal 2164, Rio de Janeiro. Office—Ed. "Brasilia," Sala 1110, Av. Rio Branco 311. *Cable address, Canadian.*

British India

PAUL SYKES. Address for letters—P.O. Box 886, Bombay. Office—Gresham Assurance House, Mint Road, Bombay. (Territory includes Burma and Ceylon.) *Cable address, Canadian.*

British West Indies

Trinidad: **G. A. NEWMAN**. Address for letters—P.O. Box 125, Port of Spain. Office—Colonial Life Insurance Building. (Territory includes Barbados, Windward and Leeward Islands, and British Guiana.) *Cable address, Canadian.*

Jamaica: **F. W. FRASER**, P.O. Box 225, Kingston. Office—Canadian Bank of Commerce Chambers. (Territory includes the Bahamas and British Honduras.) *Cable address, Canadian.*

Chile

M. J. VECHSLER. Address for letters—Casilla 771, Santiago. (Territory includes Bolivia.) *Cable address, Canadian.*

Cuba

C. S. BISSETT. Address for letters—Apartado 1945, Havana. Office—Royal Bank of Canada Building, Calle Aguiar 367, Havana. (Territory includes Haiti, the Dominican Republic, and Puerto Rico.) *Cable address, Canadian.*

Egypt

Acting Trade Commissioner. Address for letters—P.O. Box 1770, Cairo. Office—22 Shari Kasr el Nil, Cairo. (Territory includes the Sudan, Palestine, Cyprus, Iraq, Syria, Iran and Turkey.) *Cable address, Canadian.*

Ireland

E. L. McCOLL, 66 Upper O'Connell Street, Dublin, Ireland (*cable address, Canadian*); and 36 Victoria Square, Belfast, Northern Ireland.

Mexico

Acting Trade Commissioner. Address for letters—Apartado Num. 126-Bis, Mexico City. Office—Edificio Banco de Londres y Mexico, Num. 30, Mexico City. (Territory includes Guatemala, Honduras, and Salvador.) *Cable address, Canadian.*

Newfoundland

R. P. BOWER, Acting Trade Commissioner, Circular Road, St. Johns.

CANADIAN GOVERNMENT TRADE COMMISSIONERS—*Con.*

New Zealand

C. B. BIRKETT, Acting Trade Commissioner. Address for letters—P.O. Box 33, Auckland. Office—Yorkshire House, Shortland Street, Auckland. (Territory includes Fiji and Western Samoa.) *Cable address, Canadian.*

Panama

H. W. BRIGHTON. Address for letters—P.O. Box 222, Panama City. Office—98 Central Avenue, Panama City. (Territory includes the Canal Zone, Venezuela, Colombia, Nicaragua, Costa Rica, and the Netherlands West Indies). *Cable address, Canadian.*

Peru

W. G. STARK, Acting Trade Commissioner. Address for letters—Casilla 1212, Lima. Office—Edificio Boza, Carabaya 831, Plaza San Martin, Lima. (Territory includes Ecuador.) *Cable address, Canadian.*

South Africa

Cape Town: J. C. MACGILLIVRAY. Address for letters—P.O. Box 683. Office—New South African Mutual Buildings, 21 Parliament Street. (Territory includes Cape Province and Southwest Africa, Natal, Tanganyika, Kenya, Uganda, Mauritius, Madagascar and Angola.) *Cable address, Cantracom.*

Johannesburg: H. L. BROWN, Acting Trade Commissioner. Address for letters—P.O. Box 715. Mutual Buildings, Harrison Street. (Territory includes Transvaal, Orange Free State, the Rhodesias, Mozambique or Portuguese East Africa, Nyasaland and the Belgian Congo.) *Cable address, Cantracom.*

United Kingdom

London: FREDERIC HUDD, Chief Trade Commissioner in the United Kingdom, Canada House, Trafalgar Square, S.W.1. *Cable address, Sleighing, London.*

London: J. A. LANGLEY, Trade Commissioner, Canada House, Trafalgar Square, S.W.1. (Territory includes Home Counties, Southeastern Counties, and East Anglia; also British West Africa.) *Cable address, Sleighing, London.*

London: W. B. GORNALL, Fruit Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Canfrucum.*

London: G. R. PATERSON, Animal Products Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Agrilson.*

Liverpool: A. E. BRYAN, Martins Bank Building, Water Street. (Territory includes North of England, Lincolnshire, North Midlands, and North Wales.) *Cable address, Canadian.*

Bristol: JAMES CORMACK, Northcliffe House, Colston Avenue. (Territory includes West of England, South Wales, and South Midlands.) *Cable address, Canadian.*

Glasgow: G. B. JOHNSON, 200 St. Vincent Street. (Territory covers Scotland.) *Cable address, Cantracom.*

United States

Washington: H. A. SCOTT, Commercial Attaché. Office—Canadian Legation.

New York City: D. S. COLE, British Empire Building, Rockefeller Center. (Territory includes Bermuda.) *Cable address, Cantracom.*

Chicago: M. B. PALMER, Tribune Tower, 435 North Michigan Avenue. *Cable address, Canadian.*

Los Angeles: J. C. BRITTON, Acting Trade Commissioner, Associated Realty Building, 510 West Sixth Street. *Cable address, Canadian.*

Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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BRAZILIAN PRODUCTION OF VEGETABLE OILS AND FATS

MAURICE BÉLANGER, ASSISTANT COMMERCIAL ATTACHÉ

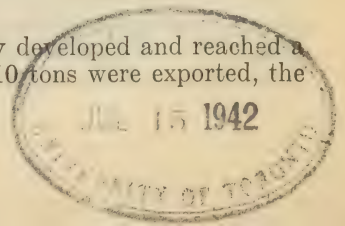
Rio de Janeiro, June 1, 1942.—Besides cottonseed oil, of which Brazil has for many years been an important producer and exporter, a number of other vegetable oils and fats are produced in Brazil in sufficient quantities to merit attention, particularly in view of the inaccessability of certain other sources of supply under wartime conditions.

The total Brazilian production of vegetable oils and fats has increased from 46,508 metric tons (of 2,204 pounds) in 1935 to 124,483 tons in 1940, and it is expected that, in view of increased demand due to the war, production figures for 1941 were still higher. The total value of production rose from 79,321 contos of reis in 1935 to 189,434 contos of reis (U.S.\$9,471,710) in 1940. Cottonseed oil accounted for about 75 per cent of the total volume produced but less than 50 per cent of the total value of production in 1940, as other oils such as oiticica, castor oil, etc., are relatively more expensive.

Following are brief notes on the vegetable oils and fats produced in Brazil, covering production, exports and, in the case of less known varieties, the main uses for which they are suitable. These notes do not include essential oils, the production of which has increased considerably in recent years, nor vegetable wax, such as carnauba, which is an important item in Brazilian export trade.

COTTONSEED OIL

The production of cottonseed oil in Brazil is highly developed and reached a total of 94,219 metric tons in 1940. Of this total 26,310 tons were exported, the



remainder being used locally. The extent to which this industry has progressed is indicated by the annual exports of seeds, which have decreased from 82,000 tons in 1936 to 18,823 tons in 1940, while production of oil increased from 29,000 tons in 1935 to 94,000 tons in 1940. Figures for 1941 are not yet available, but are expected to be still higher.

The State of Sao Paulo is by far the most important producer of cottonseed oil, accounting for over 80 per cent of the total, Paraiba, Pernambuco, Ceara and Rio Grande do Norte being the only other states producing over 1,000 tons.

OITICICA

Brazil is the only producer of oiticica seeds, from which an excellent siccative oil is produced. Attempts made over a period of years to develop production and export of seeds and oil were not very successful, and until recently most of the oil produced was used in the local paint industry as a substitute for Chinese tung oil.

Production of oiticica oil has increased in recent years—from 1,000 tons in 1935 to nearly 8,000 tons in 1940—and is expected to increase further as a result of greater demand at high prices and of a recently developed technique in grafting.

It is interesting to note that considerable progress has also been made in the planting of tung trees in Sao Paulo and other southern states, and small quantities of tung oil have already been produced. This new industry is being fostered actively in spite of the fact that oiticica is a substitute for this oil. The oiticica, however, will only grow in tropical latitudes, whereas tung plantations flourish in the more temperate climate of southern Brazil. There are said to be upwards of 700,000 tung trees already planted in the State of Sao Paulo alone.

Total exports of oiticica oil in 1940 were slightly lower in quantity than in 1939 but considerably higher in value, the comparative figures being 9,284 tons valued at 34,296 contos (U.S.\$1,714,800) in 1939, and 7,235 tons valued at 43,658 contos (U.S.\$2,182,900) in 1940. In the latter year 97 per cent of the total was shipped to the United States.

There is an embargo on exports of oiticica seeds, of which Brazil is the sole producer. The oil is sold in three different grades: (1) crude oil, natural or condensed; (2) polymerized oil; and (3) winterized oil of uniform quality and guaranteed to conform to standard specifications.

BABACU

There has been a marked increase in recent years in the production of babacu nuts, but the production of oil has not increased to the same extent, and a large proportion of the crop is exported for treatment abroad. The babacu palm produces a nut similar to a coconut but smaller in size. The outer shell contains three kernels, each encased in a very hard shell. The outer envelope can be removed without injuring the kernels, but shelling the kernels without undue waste requires specially designed machines, and this is, undoubtedly, one of the reasons why a large proportion of the crop is shipped unshelled.

Babacu oil is similar to palm oil and is used for the same purposes: manufacture of edible oil, shortening and butter substitute, and soap. At present it is also used as a lubricant and as fuel.

The annual production of babacu kernels is at present in the neighbourhood of 65,000 metric tons and total production of babacu oil in 1940 was 6,461 tons, of which only 554 tons were exported. Exports of unshelled babacu kernels in 1940 totalled 41,187 tons, of which the United States purchased 40,981 tons. Babacu nuts are produced almost exclusively in the States of Maranhao and Piaui, but much of the oil is extracted in the Federal District, the States of Para, Sao Paulo and Ceara, as well as in the first-mentioned states.

LINSEED OIL

The total production of linseed oil in Brazil amounted to 8,058 metric tons in 1939, but fell to 5,826 tons in 1940, due to a poor crop in the previous year, when climatic conditions were very unfavourable and poor seeds had been sown. This production is barely sufficient to cover domestic requirements, and only relatively small quantities have so far been exported. Total exports to all countries in 1940 were 201 tons.

The progress made, however, may be gauged by the fact that as late as 1925 Brazil imported 5,318 tons of linseed oil, whereas current production meets all local needs and leaves a small surplus for export. There is still much room for development, however, and it is noteworthy that imports of linseed oil into the United States in 1940 totalled over 300,000 tons in spite of the fact that that country is a very important producer.

The growing of flax is centralized in the southern State of Rio Grande do Sul, although interest has also been shown in Sao Paulo and other southern states. Practically all the flax grown is used for seed, except in the State of Parana, where fibre predominates. The oil industry is divided almost equally between the Federal District and Rio Grande do Norte.

CASTOR OIL

The 1940 production of castor oil in Brazil was the highest on record—4,509 metric tons valued at U.S.\$500,000. The production of oil, however, is very low in comparison with the production of castor beans, which reached a total of 120,000 tons in 1939, and is estimated to have been considerably higher in 1940 and 1941, although final figures are not yet available for the past two years. Exports of castor beans in 1940 were 117,495 tons, and those of castor oil only 1,214 tons.

The states where production of castor seed is highest are Ceara, Pernambuco, Baia, Minas Gerais and Sao Paulo. The oil content of the seeds varies considerably and is reported to range from 30 per cent to as high as 60 per cent in some districts, depending on climate and methods of cultivation. Brazil has now replaced British India as the world's largest producer of castor seeds.

COCONUT OIL

The annual production of coconuts in Brazil averages around 70,000 metric tons, there being about 5,000,000 coconut palms under cultivation. The coconut oil industry is long established but has been subject to violent fluctuations in volume and value of production. There were long periods during which this culture was almost abandoned, and methods of cultivation and pest control have always, on the whole, been very primitive and haphazard. An effort has been made in the past 10 or 12 years to improve conditions, and there are now young trees, from 8 to 12 years old, already bearing good fruit. The majority of trees, however, are from 60 to 100 years old. The yield is extremely variable, and many large areas produce an average of no more than 15 or 20 coconuts per tree. Under proper cultivation a yield of over 100 nuts is easily attained and in some carefully tended plantations in the State of Baia yields of over 300 nuts per tree have been reported.

The production of coconut oil in Brazil has always been relatively small but has tended to increase in recent years. About 1,500 tons were produced in 1940 as compared with less than 1,000 tons in 1939 and 300 tons in 1935. The oil is produced in the States of Sergipe, Baia and Alagoas. The production of copra is also very small at present, and exports are negligible—less than two tons in 1940. Total exports of coconut oil in 1940 were less than 300 tons.

There is under consideration at present a project for the construction of a large plant at Rio, for the production of copra by a new process and of all other products and by-products of the coconut.

ANDIROBA OIL

This oil is similar to almond oil and is used both for medicinal and industrial purposes. Production in 1940 amounted to 320 metric tons, almost exclusively from the State of Para. The first export of this oil was recorded in 1940, when 5 tons were shipped to the United States and Peru.

PEANUT OIL

The production of peanut oil has decreased from almost 300 tons in 1938 to 80 tons in 1940. The State of Sao Paulo was for years the main source of supply, but production has almost been abandoned in that state, and it is now produced almost exclusively in Rio Grande do Sul.

BRAZIL-NUT OIL

Brazil-nut oil (oleo de Castanha) is produced exclusively in the State of Para. Total production in 1940 was 116 metric tons.

COFFEE OIL

The extraction of oil from coffee is a comparatively recent development which has been stimulated by the invention of cafelite, a plastic made from coffee. The oil is a by-product of the manufacture of cafelite, and is claimed to be a satisfactory substitute for palm-kernel oil. Production in 1939 amounted to slightly over 1,000 metric tons but fell in 1940 to about 500 tons. This decrease may be due to the fact that the manufacture of cafelite is still in its experimental stages.

SUNFLOWER OIL

The production of sunflower oil in Brazil began in 1939, when a total of 72 tons was produced in the States of Rio Grande do Sul and Sao Paulo. The production increased to 136 tons in 1940, most of which came from Rio Grande do Sul. Sunflower oil is an edible oil and has been used as a substitute for olive oil.

OURICURI

Ouricuri oil is similar to copra oil and is obtained from a plant which also produces ouricuri wax, similar to carnauba. The production of this oil has tended to decrease, the figures being 474 tons in 1937, 260 tons in 1938, and only 70 tons in 1939. There was an increase in 1940, when the production amounted to 152 metric tons.

PALM-KERNEL OIL

This oil is produced from the dende palm, which is found exclusively in the State of Bahia. The production in 1940 amounted to 14 metric tons as compared with 9 tons in 1939.

BANKUL OIL

This oil is extracted from the nogueira nut and is used in the manufacture of paints, being somewhat similar to linseed oil. Production in 1940 was 96 metric tons as compared with 34 tons in 1939.

TUNG OIL

As mentioned in the note on oiticica, an effort is being made at present to develop tung plantations in the southern part of Brazil, chiefly in the States of

Sao Paulo and Rio Grande do Sul. The first production figures were recorded for 1940, when 52 tons of tung oil were produced in Sao Paulo.

OTHER OILS

Among the other oils produced in Brazil in small quantities the following are noteworthy: cumarin, a medicinal oil also used in the manufacture of perfumes; curua, an edible oil similar in properties to copra oil; sesame oil, an edible oil resembling peanut oil; macauba oil, of which there are two kinds, one manufactured from the pulp of the fruit and somewhat similar to palm oil and the other from the kernels, which produce an edible oil also used in the manufacture of soap; pracaxi oil, used in the manufacture of soap and toilet preparations; corn oil; and mustard oil.

VEGETABLE FATS AND TALLOW

In addition to the above-mentioned vegetable oils, Brazil produces certain quantities of various vegetable fats and tallow. The most important is ucauba, the production of which in 1940 amounted to 1,360 tons. This is a vegetable tallow used in the manufacture of candles and soap.

MURUMURU AND TUCUM

These are vegetable fats similar to cocoa butter and are used mostly in the manufacture of margarine. The total production of murumuru in 1940 was 550 metric tons. The production of tucum is at present negligible.

CURRENT MARKET CONDITIONS IN CUBA FOR DRIED AND SMOKED FISH

C. S. BISSETT, CANADIAN TRADE COMMISSIONER

Havana, June 15, 1942.—Lack of shipping, which has almost completely disrupted the Cuban market for dried fish, was the outstanding feature of the past month.

HAVANA MARKET

The movement of Canadian codfish in the local market is again at a complete standstill, no importations having been effected for several weeks past. Offers of small quantities are in the hands of agents, but importers are showing no interest because shippers can give no assurance of delivery within any reasonable length of time. Under these conditions no improvement can be expected until ocean transportation has become more normal. It is reported that 430 bales of Newfoundland cod reached this market recently, but no information is available concerning the price of this fish or the route by which it was shipped to Havana. It is reported, however, that the quality is decidedly inferior to that of Canadian cod currently being imported and that numerous claims for price adjustments have been lodged with the agents. The most recent quotations for Canadian cod are \$18.50 and \$18, for imperial and large sizes respectively, c.i.f. Havana.

SANTIAGO DE CUBA MARKET

The foregoing comments apply also to this market. There has been no movement for several weeks past, and market activity will continue to be more or less at a standstill until the transportation situation has become easier.

CENTRALIZED PURCHASING OF FOODSTUFFS IN TRINIDAD

G. A. NEWMAN, CANADIAN TRADE COMMISSIONER

Port of Spain, June 27, 1942.—Following are the essential foodstuffs which the Trinidad Food Controller considers must become subject immediately to centralized purchasing by the Trinidad Government authorities:—

Beef (corned)	Oil (edible deodorized)
Beef (pickled)	Pork stuffs (pickled)
Butter (cooking)	Peas (split)
Flour	Rice
Lard compound	Salmon (canned)
Milk (condensed)	Salt
Milk (evaporated)	Sardines

If the Food Controller is informed that supplies of the above-mentioned products (except lard compound, edible oil, and rice) are obtainable in quantity from Canada, he is prepared to place orders with Canadian suppliers or their representatives. Failing this, orders will be placed with the Colonial Supply Liaison Officer in the United States, unless purchases are made from South American countries.

Canadian exporters of the above-listed products, with the exception of condensed milk and the three items mentioned in the foregoing paragraph, are requested to submit to the Food Controller, direct or through local representatives, f.a.s. Halifax quotations on the first and fifteenth day of each month; each quotation is to be considered a firm offer for seven days or a clearly specified shorter period.

BARBADOS AND BRITISH GUIANA ESSENTIAL FOODSTUFFS REGULATIONS

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, writes under date June 24, 1942, that importers in Barbados were notified by the local authorities on June 1 that no further licences will be granted for the importation of the following commodities from Canada and the United States: Canned and salted beef; salted butter; kiln-dried cornmeal; canned and dried fish; flour; margarine; canned milk; dried peas; salted pork; corn; cornmeal (stock feed); oats; oilmeal; pollard.

Similarly importers in British Guiana were notified on June 20 by the Controller of Commodities that no further licences will be issued for the importation of the following items: Flour; cornmeal; split peas; black-eye peas; salted, pickled or canned fish; pickled meats (except from South America); canned meats; butter; pure lard; condensed milk.

In future these items are to be purchased in bulk on government account.

BULK PURCHASES OF MEDICAL SUPPLIES IN BRITISH GUIANA

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, writes under date June 25, 1942, that according to a notice published in the *British Guiana Official Gazette* of June 20, the following medical supplies are to be purchased in bulk in future by the British Guiana Commodity Control Board: Drugs; chemicals; reagents; sera and vaccines; tablets; surgical dressings; rubber and waterproof goods; surgical and optical appliances and sundries; surgical instruments; aseptic furniture; specialized equipment for use in the field, e.g. panniers; X-ray and photographic apparatus and material; dental instruments, appliances and material; laboratory apparatus and stains; electro-medical and electro-therapeutic apparatus.

NEW ZEALAND FINANCES

C. B. BIRKETT, ACTING TRADE COMMISSIONER

Auckland, May 5, 1942.—Although neither the complete official accounts for last year nor the detailed estimates for the current year are yet available, the Acting Minister of Finance presented a financial statement on May 1 which for general purposes may be regarded as the budget for 1942-43. The outstanding features are an expenditure of £133,000,000 for war as compared with approximately £53,000,000 last year, and a reduction of from £39,212,000 to £38,168,000 in expenditure for civil purposes. Increased benefits under the social security fund are also of interest. The extra moneys required are to be found by higher taxation and borrowing.

WAR EXPENSES ACCOUNT

Toward the cost of £133,000,000 for war, £27,000,000 will be provided from the revenue side of the war account, leaving £106,000,000 to be found elsewhere. The proposals are to borrow £46,000,000 from the United Kingdom, to participate in lease-lend assistance to the extent of £10,000,000, and to obtain the remaining £50,000,000 from sources within New Zealand. Increased war taxation is expected to yield £14,400,000. This will take the form of increases in the super-tax, the national security tax, sales tax on luxuries, and increased duties and taxes on beer, wines and spirits, cigarettes and tobacco. Borrowings from the public are to produce £35,600,000. It is expected that the existing national savings scheme, together with state departmental funds will yield £8,000,000, leaving £27,600,000 to be obtained by means of war loans. The prospectus for the first instalment of loans, £15,000,000, was issued on May 4, providing for a short-dated issue at $2\frac{1}{2}$ per cent, maturing on September 15, 1947, and a long-dated issue at 3 per cent maturing on September 15, 1952-55.

The total moneys allotted for war, amounting to £133,000,000, are to be spent as follows: army, £97,000,000; navy, £10,000,000; air force, £19,000,000; civil, £7,000,000.

CONSOLIDATED OR CIVIL ACCOUNT

This account is drawn up at existing rates of taxation to balance at £38,186,000 against the estimated total of £39,296,000 last year. Last year's account left a surplus of £1,500,000. Estimated revenue and expenditure during 1942-43 are as follows:—

Revenue—	
Taxation	£ 6,700,000
Beer duty	1,500,000
Sales tax	3,200,000
Highways	1,800,000
Stamp duties	1,600,000
Land tax	1,000,000
Income tax (including excess profits tax)	16,500,000
Miscellaneous	310,000
Total	£32,510,000
Interest recoveries from trading activities, etc.	3,226,000
Other receipts	2,450,000
Grand total	£38,186,000
Expenditure—	
Permanent appropriations (including transfer of £1,500,000 to war expenses account)	£18,200,000
Annual votes	19,726,000
Total	£37,926,000
Supplementary estimates and contingencies	260,000
Grand total	£38,186,000

SOCIAL SECURITY FUND

The balance in the Social Security Fund as at March 31 last was £3,000,000. This amount will meet an additional expenditure of £2,400,000 on hospital and medical services as well as a charge of £550,000 per annum for a 5 per cent cost-of-living bonus to be paid on age, widows', invalids', miners' benefits and war veterans' allowances. An additional charge of £400,000 per annum is to be met for payment of increased allowances to the wives of all men in the armed forces with one or more children. These bonuses follow a recent 5 per cent cost-of-living bonus granted to all wage-earners by the Court of Arbitration.

DEVELOPMENT LOANS ACCOUNT

Last year's budget estimated that £13,000,000 would be borrowed for development and public works. The extent of borrowing, however, was £11,952,000. The estimate of borrowing this year for such purposes is put at not higher than £4,500,000.

NEW AND INCREASED TAXATION

At the former rate of super war tax 15 per cent was added to assessed income tax on earned and unearned income, individual and company. This is now increased to 33½ per cent and is payable on last year's incomes. On unearned income a further rate of 33½ per cent on assessed tax will be applied as heretofore.

The increase in national security tax from 1s. to 1s. 6d. in the pound will be payable on all incomes, including company profits, for the balance of this year. With the 1s. in the pound social security charge on all wages and incomes, the direct charges in this respect will now total 2s. 6d. in the pound as against 2s. previously.

The result of these proposed increases will be that direct taxes will reach 18s. in the pound at £2,500, in the case of unearned income, and at £3,700 in the case of earned income. At the maximum rate companies will pay approximately 14s. in the pound as compared with 12s. at present.

The increase in the sales tax from 10 per cent to 20 per cent will apply only to goods which do not enter into the day-to-day living costs of the people. It will not apply to such as the following, which already come under the 10 per cent rate: apparel, clothing, hosiery, woollen blankets, footwear, textile piece-goods, flour, tea, timber, etc. Most foodstuffs, farm produce, fresh vegetables, prescription medicines, drugs and chemicals for use in hospitals, and industrial machinery are exempt from any sales tax.

New excise duties on beer are designed to increase revenue and at the same time lower the alcoholic content of the beer. The increase in customs duties is at the rate of 1s. 3d. per gallon. The tariff on spirits is increased by 50 per cent, or to 60s. per gallon. An additional 2d. per packet of ten is to be charged on cigarettes. Tobacco will cost 5d. per ounce more. Tobacco and cigarettes for the fighting services are still exempt from tax.

MANUFACTURE OF WALLBOARD IN NEW ZEALAND

C. B. BIRKETT, ACTING TRADE COMMISSIONER

(One New Zealand pounds equals \$3.60 Canadian at current rate of exchange.)

Auckland, May 21, 1942.—In November, 1941, the New Zealand Forest Products Ltd., an organization formed some time ago to manufacture various products from their holdings of 175,000 acres of timber, opened an insulation board mill in Auckland. The mill has since been successfully operated, producing 4,000 tons of board per annum. The product is of good quality and has been favourably received by the building trade.

The plant, purchased in the United States, was installed under the supervision of an American engineer. Although its present capacity is 4,000 tons per

annum, additional plant already installed will permit of an increase of 25 per cent, and machinery on hand will add a further 50 per cent when installed.

Assisted by import restrictions, the mill is now fully occupied supplying all New Zealand's requirements in pulpboard. *Pinus insignis* has proved to be a satisfactory timber for making such board, and the directors of the firm are confident that as their operatives become more efficient their product will equal any formerly imported.

When it was first placed on the market the price of "Pinex" to the builder was 45s. less 10 per cent per 100 feet; now the builder can purchase it at approximately 32s. 6d. per 100 feet. "Caneite," the Australian board, was formerly landed in New Zealand at approximately 30s. 3d. per 100 feet and sold to the builder at about 10 per cent higher.

IMPORTS

It will be recalled that when import control was introduced in 1939, Canadian wallboard was practically prohibited entry to this market in favour of Australian supplies. Now that the New Zealand Forest Products Ltd. are producing, the Australian product is being eliminated and will shortly disappear from the market. Separate statistics for recent years are not available to show what this development means to Canadian manufacturers. Of total imports of wallboard in 1938 valued at £102,986, Canada supplied to a value of £32,295, most of the remainder being credited to Scandinavian countries. Australia's share that year was negligible. Canada improved her position in 1939, and in 1940, with Norway and Sweden unable to ship during half of the year, this position could have been further improved but for the preference given the Australian board. According to the latest available statistics, imports of wallboard and cardboard into New Zealand in 1941 were valued at £229,920 as compared with £352,890 in 1940 and £317,920 in 1939.

The real effect of New Zealand production on imports is not yet apparent from the statistics. It is probable that the reduction in value in 1941 was caused mainly by a drop in cardboard imports in conformity with the advancing rate of production of chipboard and container board by the Whakatane Mills. Imports of wallboard from Australia continued well on toward the end of the year. Trade returns for 1942 will more clearly indicate the position.

HARD BOARD

A second mill is nearly ready for the installation of machinery to make hard board. The machinery has been shipped and is expected to arrive shortly. The initial annual capacity of this mill will be 2,000 tons. Other activities of the New Zealand Forest Products Ltd. include a pit-prop mill and a wood preservation plant.

AUSTRALIAN TRADE AND ECONOMIC NOTES

L. M. COSGRAVE, CANADIAN TRADE COMMISSIONER

Price Control

Sydney, May 12, 1942.—According to an official announcement, prices of all goods and services are to be pegged at levels operating on April 15, 1942. The principal changes made in previous orders, upon which price control has operated since the commencement of hostilities, are as follows:—

1. A new date (April 15, 1942) has been prescribed for fixing the basic price, and prices of all goods and services are to be pegged at that basic price unless permission is granted to add increased costs under the averaging principles.

2. All goods already declared and subject to averaging will still operate under averaging principles as laid down in the new order.
3. Prices charged for all services will be pegged at the April 15 level, but application may be made for basic price variation or price adjustment necessitated by increased costs.
4. Definition of profit is an important change in the regulations. In future this will be limited to the amount of gross profit obtained at basic date and not to percentage gross profit as formerly.
5. In the retail trade permissible maximum prices will be cost to the retailer plus amount of gross profit obtained on such goods at the prescribed basic date. It will not be permissible for retailers to add the same percentage profit on goods for which the cost to them has increased.
6. All traders and manufacturers will be required to keep a record of prices at which goods were sold on the basic date and of the amount of gross profit then obtained.

The fundamental features of established price control will not be seriously affected by the new order. For goods formerly undeclared the principle change will be in the method of computing gross profit. The immediate effect will be the pegging of prices of goods and services formerly undeclared at the April 15 level. An important advantage of the order appears to be that it lays down the general principles on which maximum prices may be determined by producers and traders, leaving them reasonably free to conduct business. However, the order protects the public against excess charges, outlawing in particular all "black" markets.

Expediting Cargo Clearance

A Central Cargo Control Committee is to be set up in each state of the Commonwealth, with wide powers to prevent waterside congestion by expediting the loading and unloading of ships. The establishment of this new form of control of stevedoring, under the Minister of Customs and the National Security Regulations, will amplify existing stevedoring industry regulations.

The Central Cargo Control Committee in each state will comprise a chairman, an executive officer who will act as deputy chairman, and seven other members representing the interests most vitally concerned. The powers of the Committee will include complete control of all waterside activities involving cargo. It may give directions for the removal of any goods from any wharf and arrange for their disposal even without the consent of the owners. Alternatively it may take possession of any goods and subsequently sell them. In the case of goods being moved or stored, it can demand from the owners reasonable charges to cover the cost of the work involved. In addition the Committee has the power to commandeer any vehicles, carrying plant or gear, and may take possession of any buildings or land needed for storage space and make any alterations necessary to fit them for its purpose.

In addition to the above wide powers, the Committee may override any existing law in respect of the length of time premises are to be kept open, hours of employment, and overtime to be worked. It can also direct that there is to be no interruption or intermission in any work. Importers are required to obey all instructions issued by the Committee as to how and when shipping documents are to be presented and, in cases where documents have not come to hand, how claims of consignees may be verified and under what conditions goods are to be delivered.

When the Committee requisitions premises, vehicles, or other property, and the parties concerned fail to agree on the compensation to be paid, the Committee may fix the amount of compensation. When the amount is disputed, the Minister of Customs will appoint a referee.

Commonwealth Allowances for Temporary Unemployment

The Commonwealth Government has decided that during periods of temporary unemployment resulting from restrictions on non-essential production, weekly payments will be made on the following basis: Adult unemployed person, £2 (\$7.10) per week; wife of unemployed person, £1 5s. (\$4.44) per week; one child under 16 years of age, 5s. (\$0.89) per week; unmarried unemployed person between the ages of 16 and 21 years, 17s. 6d. (\$3.11) if living at home, and 25s. (\$4.44) if living away from home. Assistance will not be granted until a person has been unemployed for 14 days, and the maximum period of assistance will be three months. All income, irrespective of source, will be taken into account. A married man may have cash or liquid assets to the extent of £100 (\$355), and a single man to the amount of £50 (\$177.50) and still be eligible.

Payments will be made through the Department of Social Services in co-operation with the Department of War Organization of Industry and the Director-General of Man-Power.

Sales Tax Increases

A resolution providing for increases in the sales tax to raise an additional £6,372,500 (\$22,622,375) per annum was introduced by the Treasurer in the Commonwealth Parliament. The proposed increases will operate immediately. Sales tax on goods in the general field is increased from 10 to 12½ per cent, and the present tax of 20 per cent on certain goods is increased to 25 per cent. A further Bill will be introduced restoring exemption to all goods bearing the 5 per cent sales tax; in future there will be only two rates: 12½ per cent and 25 per cent. The goods to be so exempted are: fishing industry equipment; drugs and medicines; surgical, dental and scientific instruments; axes and tool handles; saddlery and harness; and certain types of iron and steel wire. In addition an exemption will be granted in respect of uniforms for the Allied forces, retroactive to December 1, 1941, and on methylated spirits used as a substitute for petrol, retroactive to January 1, 1942.

Increase in Pensions

Increases in old age and invalid pensions—from £1 (\$3.55) to £1 5s. (\$4.44) per week—and other pension benefits that will cost £925,000 (\$3,283,750) annually are provided for in a Bill introduced by the Minister for Social Services in the Commonwealth Parliament. It was stated that, despite the advent of the gravest crisis in Australia's history, the need for social reform continues to be of the utmost importance. In addition the Minister forecast legislation covering maternity allowance, child endowment, and widows' pensions.

Control of Timber

A new timber control regulation issued on April 14 prohibits the supply without permission of 5,000 superficial feet or more of sawn or dressed hardwood or sawn or dressed cypress pine by any person dealing in timber within 50 miles of the city of Sydney, while all persons dealing in Oregon pine (Douglas fir) may not supply, without authority, more than 2,000 superficial feet during any one month. Timber importers and merchants are required to make monthly returns of stocks of Oregon pine in excess of 2,000 superficial feet. The order covering Oregon pine applies within 50 miles of the city of Sydney and 25 miles of Newcastle, Melbourne and Adelaide.

Control of Silk and Cotton

The control of silk and imported cotton has been taken over by the Commonwealth authorities, under recently promulgated National Security

Regulations. All stocks of raw, thrown, or spun silk held at April 1, 1942, must be declared, as must all stocks of imported spun cotton. The order emphasizes that no bales, cases, or packages of unprocessed silk of any grade, irrespective of country of origin, may be opened without departmental authority. Authority is also required to use or trade in 2/60 Crossley Imperial quality or 2/60 Meadowcroft Hampson No. 12 quality cotton in hank, on cone, or cheese. The order does not, however, apply to government contracts. Processing of imported 2/60 cotton is restricted by 50 per cent of the average quantity processed during any month between October 1 and December 31, 1941.

War Expenditure

In accordance with a recent official announcement made by the Commonwealth treasurer, Australia is now spending more than £1,000,000 (\$3,550,000) a day on all forms of war expenditure, and indications are that Australia's total war expenditure for the financial year ending June 30, 1942, will be over £350,000,000 (\$1,242,500,000) as compared with the estimate of £221,000,000 (\$784,550,000). Total war expenditure for the nine months ended March 31, 1942, amounted to £207,473,000 (\$736,529,150), although this figure includes commitments incurred earlier in the war and takes in interest and sinking fund payments. Of this total, revenue provided £50,317,000 (\$178,625,350) and loan funds £157,156,000 (\$557,903,800).

The unfunded debt position at March 31, 1942, showed treasury bills outstanding in the Commonwealth amounted to £76,000,000 (\$269,800,000); those overseas totalled £2,470,000 (\$8,708,500).

ECONOMIC CONDITIONS IN AUSTRALIA IN 1941

FREDERICK PALMER, CANADIAN TRADE COMMISSIONER

III Production of Primary Products.—*Con.*

MEAT

Shortly after the outbreak of war the British Government advised that it was prepared to purchase Australia's exportable surplus for twelve months of frozen beef, mutton, lamb and certain classes of pork and edible offals. Subsequently an agreement was negotiated whereby Britain undertook to purchase a basic quantity of 240,000 tons of all classes of meat during the first year of war. In certain circumstances Britain was prepared to increase this quantity. Toward the end of the first year minor restrictions were placed on the receipt into store of various cheaper classes of meat. This resulted from the fact that, although Britain intimated that 260,000 tons would be taken, i.e., 20,000 tons more than the basic quantity originally agreed upon, the favourable season had produced a heavy exportable surplus approximating 294,000 tons.

For the second year of war, the basic quantity of meats to be purchased by Great Britain was at first fixed at 249,000 tons, which amount included special provision for 24,000 tons of baconer pork. Some time later, in January, 1941, the basic quantity was reduced to 198,000 tons, including the 24,000 tons of baconer pork. This reduction led to further restrictions upon the receipt into store of certain classes of meat.

There was a third revision of the quantity of meats which Britain was prepared to take in the second war year in March, 1941, when the 198,000 tons was reduced to 144,000 tons, with the proviso that more would be purchased if practicable. This sharp decrease caused additional severe restrictions on the receipt into store of various classes of meats and a prohibition on the slaughter of mutton and lamb for export. However, following negotiations with the

British Government during April, the figure of 144,000 tons was again changed to the original amount of 198,000 tons. In June the Government announced that, in order to conform with Britain's requirements in meat for the third war year, a reorganized scheme for the control of the industry would be necessary. Basically this plan provided for the storing of surplus lamb and the canning of surplus beef and mutton. The Government agreed to purchase at fixed prices all lamb of certain grades offered for export and, following the introduction of those new arrangements, the embargo on the slaughtering of various classes of lambs for export was lifted. The Government also agreed to purchase canned mutton and canned pigmeats at prices to be arranged. No permanent scheme for beef was proposed at that stage. In September a Meat Canning Committee was set up to co-ordinate all meat-canning activities in Australia, and subsequently it was announced that the Government would purchase all frozen meat accepted for export.

Announcements were also made of experiments with dehydrated mutton, and it was hoped that this new method of treatment would offer great possibilities of facilitating the disposal of surplus meat production.

FRUIT

Difficulties in marketing fresh fruits arose soon after the outbreak of war, and the export of apples and pears in the first war year was less than half the normal quantity sold abroad. Early in 1941 the British Ministry of Food announced that it was not prepared to import further supplies of fresh apples.

Before the war the annual home consumption of apples amounted to approximately 5,500,000 bushels out of a total crop averaging about 11,000,000 bushels per annum, practically the whole of the balance being exported. Attempts now have to be made to dispose of the whole crop locally. Towards the close of 1941 a Parliamentary Joint Committee inquired into the Apple and Pear Acquisition Scheme, and many changes were recommended in the plan as it had operated up to that time. The Government accepted many of these recommendations, and on December 20 amended regulations were gazetted which altered the constitution of the Board. The 1942 crop will be acquired along the lines of previous years, but the Commonwealth Government's liability is fixed at a maximum of £1,000,000 for that crop.

CANNED FRUITS

Canned fruits available for export in the first war year were substantially reduced through various causes, such as low carry-over stocks, a strong domestic demand, and an abnormally small pack of several varieties. Fortunately almost the whole of the exportable surplus was purchased by Britain, and that year closed satisfactorily, although many difficulties were encountered. Prospects for the second year were not considered promising at the opening of the processing season, but the fortuitous disposal of substantial quantities to the British Government for destinations other than Great Britain greatly relieved the position. Subsequently, further large orders were received from the Department of Supply and Development for defence purposes, and increased orders were received from Eastern countries and Canada.

DRIED FRUITS

On the outbreak of war the British Government, through the Ministry of Food, took control of United Kingdom imports of dried fruits, and in all approximately 36,000 tons of the Australian dried fruit crop for 1939 were taken by Britain. In May, 1940, the Ministry of Food agreed to purchase 26,000 tons of the 1940 crop, and negotiations were subsequently completed for the purchase of the unsold exportable surplus. Britain purchased altogether approximately

50,000 tons of the 1940 crop, and the remainder of the exportable surplus was satisfactorily disposed of elsewhere. Subsequent agreements with Britain, and sales to other countries, made possible the disposal of the whole export surplus of the 1941 crop.

Exports of dried fruits from Australia amounted to 77,327 tons in 1940 and were estimated to reach 62,000 tons during 1941. The quantity shipped to Canada during 1940 was 20,104 tons.

Mining

All branches of the Australian mining industry were affected with increasing severity by a growing shortage of labour during 1941. Stores and materials were becoming scarcer, but disorganization from this cause was slight through the foresight of the industry generally in accumulating reserves of essential requirements. New taxation measures were considered likely to curtail interest in the development of mining undertakings.

GOLD

Production of gold in all states decreased during 1941, not so much through decline in the actual productive capacity as from a shortage of efficient labour. There were no new discoveries, but the Cowarra mine in New South Wales entered the productive field, and the new treatment plant on the Croesus leases of North Kalgurli (1912) Ltd. began an investigation of the old Mount Charlotte and Hannan's Hill mines at Kalgoorlie, W.A. The quantity of gold produced in Australia during 1941 was estimated at 1,487,578 fine ounces as compared with 1,648,989 ounces in 1940. Dividends paid by gold-mining companies employing Australian capital in Australia, New Guinea, Fiji and New Zealand totalled £2,586,658 during 1941 as compared with £3,175,176 in 1940.

COPPER

To stimulate production of copper and investigate the feasibility of establishing the aluminium industry, a committee was formed by the Commonwealth Government. Enquiry was directed toward some of the old copper deposits of Queensland, New South Wales, South Australia and Western Australia, an immediate result being the unwatering and examination of the Mount Chalmers mine at Rockhampton, Queensland, and the development of a large copper ore body in the Mount Isa (Queensland) mines, from which an annual output of 5,000 tons of metal a year is expected. The Moonta field in South Australia again came under notice, with a proposal for a geophysical survey.

Detailed examination was made of bauxite deposits in New South Wales and at Lake Campion in Western Australia, while discoveries of this ore were made in Queensland and Tasmania. The grade of ore was usually low, but reports indicated the delimitation of fairly large tonnages stated to be suitable for commercial exploitation.

An outstanding mining event of 1941 was the commencement of magnesium manufacture at Newcastle by Broken Hill Proprietary Co. Limited. The same company exhaustively investigated tin resources in North Queensland, and deposits of many rarer minerals were examined.

Non-metallic minerals of immediate or prospective use were also investigated. Graphite was again produced in South Australia, while accumulated evidence stresses the importance of mica occurrences in North Queensland and Northern Territory and the commercial possibilities of the Hammersley range asbestos deposits in Western Australia.

GASOLINE

The abolition of the Oil Industry Cartel in Australia was announced by the Government in July, 1941, following the unsatisfactory condition of petrol stocks in Australia. The Government decided to assume full control over gasoline imports, storage, and distribution.

During 1941 the committee of inquiry into the production and use of substitute fuels made recommendations to the Federal Government for the production of power alcohol for use in blending with gasoline. Few statistics are available to show what the actual production of substitute fuels in Australia is, but announcement was made of proposals to produce 45,000,000 gallons of substitute fuel in Australia by the end of 1942, made up as follows: fuel from shale, 12,000,000 gallons; power alcohol from molasses, sugar and wheat, 19,000,000; rectified spirit, 5,000,000; benzol, 7,000,000; and methane gas, 2,000,000 gallons.

The raw materials (other than molasses) recommended for the production of power alcohol were wheat at 3s. 6d. per bushel f.o.r. shipping ports and sugar cane products at a price equivalent to £9 per ton for 94 n.t. sugar f.o.b. Queensland ports. The estimated cost of production under the conditions recommended by the committee of inquiry was 2s. per gallon in capital cities.

The committee, in indicating the relative quantities of wheat and sugar to be used, suggested that 38,000,000 gallons could ultimately be produced from wheat and 7,500,000 from sugar. The committee stated that the alcohol would be sold in a 15 per cent blend with all gasoline distributed in Australia. The Government would lose £2,470,000 per annum in import duties, and the price of motor fuel would be raised by 0.46d. per gallon.

Results from the project established at Glen Davis, N.S.W., for the production of automobile fuel from shale oil proved unsatisfactory to the Government, which had subscribed a considerable amount of capital to the enterprise, and in December, 1941, the project was placed under government control to investigate lag in production said to be due to retorting difficulties.

Following the visit of two oil technologists, one from Canada and the other from the United States, who during 1941 visited the Lakes Entrance oilfield, Victoria, at the request of the Commonwealth Government, a decision was taken by the Commonwealth and Victorian Governments to advance £50,000 by way of a loan to a syndicate for the drilling of oil at Lakes Entrance.

Increased restrictions on the consumption of gasoline in Australia were introduced during 1941, resulting in the greater use of charcoal-gas producer units. At the end of September, 1941, statistics showed that 13,000 charcoal gas-producer units had been fitted to motor vehicles in the Commonwealth as compared with 8,000 in June, 1941.

ECONOMIC CONDITIONS IN THE WEST OF ENGLAND

JAMES CORMACK, CANADIAN TRADE COMMISSIONER

Bristol, May 25, 1942.—At the close of 1941, government control had been so tightened and extended as to interrupt completely normal trade activities. In the Bristol area besides general Controls, others were established specifically affecting timber, fertilizers, sulphuric acid and non-ferrous metals. During the year the last-mentioned were subdivided and administration was transferred from London to the Bristol area.

In turn these sectional Controls are further controlled in obtaining all goods they require by having to apply to the Board of Trade, London, for import permits. Thereafter the exchange, shipping, and other Controls may delay, reduce or even veto orders. Control regulations enforced to an increasing extent in Canada, as a result of limitations of available supplies and shipping, enemy

action, and the urgent demands of growing home industries, add to the trading difficulties.

In these circumstances it is neither feasible nor practicable to make any kind of attempt to review in detail the trends of trade, nor to make the usual comparisons between years. There is now practically only one buyer of every commodity, the pertinent Controller. Generally speaking everything is in demand except luxuries, which may be said to comprise whatever does not tend to further the war effort. The question of whether it is better to import manufactured articles or to make them locally from imported or local raw materials is dependent upon the availability of labour, exchange and shipping—a matter for the exclusive decision of the different departmental officials.

INCREASED PRODUCTION

The year 1941 has witnessed great strides in war industrialization throughout this area. The mines have been turning out increased tonnage, the forests increasing quantities of logs, the fisheries more fish, and the farms more food. The Secretary for Mines has stated that he has every reason to believe that collieries in general were being efficiently operated with a view to maintaining maximum production. Action was continually being taken, either generally or in regard to particular collieries, with the object of improving output.

Agricultural labourers are being paid about double their normal wages (standard wage is now £3 per week), and farmers are borrowing less from the banks, an indication that prices of foodstuffs, etc., to primary producers, where controlled, are bringing profitable returns. The labour drift to the cities has stopped. More and more women are entering upon productive work, while the lists of those remaining in reserved occupations are constantly being revised.

The Government is still endeavouring to control and limit spending of every kind, and is being assisted in its efforts by shortages of supply. An attempt is being made to prevent rising prices by fixing price ceilings. This in turn encourages illicit buying and selling, which will require stricter attention.

The excess profits tax, while it doubtless acts as a mild brake upon production, has a compensating braking effect upon the increase of wages. The Minister of Aircraft Production has stated that less than 2 per cent in number and 3·5 per cent in value of contracts were placed last year by his department on a cost-plus basis.

TIMBER TRADE

The important Timber Control is centred in Bristol, but the past year has brought little change in the timber and lumber import trade with Canada, except that business in wooden handles from British Columbia has ceased, the authorities having decided that it is more economical in wartime to manufacture all the national handle requirements in local mills. Domestic and imported logs and some imported blocks have been released from national stocks by the Controller for that purpose.

In the early months of 1941, when the Atlantic shipping losses were at their peak, the volume of imported softwoods needed for the war effort in the United Kingdom was much restricted, but in the summer, when these losses were reduced, the Timber Controller brought in much larger quantities of wood, especially British Columbia pine and Western hemlock and spruce. The revival in timber imports from Russia to this market was dealt with specially in a report published in *Commercial Intelligence Journal* No. 1981 (January 17, 1942), page 51. The chief developments of the year were the better adjustment of quotas, the introduction of pooling schemes by the Timber Trade Federation, and the removal of stocks formerly stored at the ports, where they were liable to destruction by enemy action, to more secure storage areas.

In Birmingham and the Midlands district, labour, materials, and manufacturing plants are being increasingly diverted to work of national importance. The Midlands official figures of unemployment showed only 1,832 men and boys and 1,492 women and girls wholly unemployed on December 8, 1941, a reduction from the figures for preceding months.

In South Wales most branches of the iron and steel trade continued to be fully employed at the end of the year, and production was maintained at a high level. There is an increasing demand for tinplate, while the shipbuilding and repairing trades are creating a good demand for heavy finished steel and doing satisfactory work. At the docks and ports the general trade seems to be well sustained.

CONDITIONS IN FIJI

C. B. BIRKETT, ACTING TRADE COMMISSIONER

Auckland, May 19, 1942.—Owing to shortage of staff, no customs statistics are yet available for the trade of Fiji in 1941. However, an outline of industrial conditions is supplied by the Annual Report of the Suva (Fiji) Chamber of Commerce.

Sugar.—Production of sugar in 1941 was heavily reduced, and the industry operated under difficulty. A moderate crop only is in sight for 1942, largely because there has been little rainfall in the main producing districts during the past twelve months.

Gold.—Activities at the three principal gold mines are being maintained, but the directorates of two of them have announced their intention to suspend payment of dividends for the present.

Copra.—The copra industry, which was in danger of collapse a year ago owing to the loss of markets and consequent fall in prices, has revived as the result of the elimination of Phillipine and Malayan sources of supply. Arrangements were made whereby the whole of the Colony's output was sold at a price of £18 (Fiji) a ton f.o.b.; a year ago copra was quoted at approximately £3 per ton. It is hoped that this recovery in value will restore production to somewhere near the 35,000 tons per annum formerly recorded. Although many plantations have been neglected, which will necessitate some months of cleaning up, the prospects for the copra industry, which in the past was the mainstay of the Colony's economy, are brighter than they have been for the past ten years.

Pineapples.—The canning factories are active and are making progress despite export problems.

Bananas.—The hurricane of February, 1941, reduced production considerably, but the industry has recovered and moderate shipments are again being made.

SHIPPING

Despite the irregularity and uncertainty of shipping services, resulting from wartime conditions, supplies for the Colony are being maintained on an adequate scale.

FINANCES

The latest report available on the finances of the Colony is for the nine months ended September 30 last, and reveals a surplus of revenue over expenditure of £(F.)87,634. On the revenue side of the account, customs returns, despite import restrictions, increased from £352,684 in 1940 to £409,028 in 1941. Total revenue was £797,013 as compared with £678,517; expenditure was £709,379 as against £660,323.

IMPORTS INTO THE UNITED STATES OF PRODUCTS UNDER THE QUOTA PROVISIONS OF THE TRADE AGREEMENT

The following table, prepared by the Canadian Trade Commissioner's office in New York from preliminary figures issued by the Treasury Department at Washington, D.C., shows the standings of the quotas provided for under the Canada-United States Trade Agreement (signed November 17, 1938) up to May 30, 1942:—

	Unit	Total Quota	Reduction in Duty from 1930 Tariff Act	Used by Canada to May 30, 1942	
				Quantity	Per Cent
Cattle (700 lb. or more)	Head	225,000	3 to 1½c. per lb.	96,288	42.7
Cattle (less than 200 lb.) . . .	Head	100,000	2½ to 1½c. per lb.	39,111	39.1
Whole milk	Gal.	3,000,000	6½ to 3¼c. per gal.	1,965	....
Cream	Gal.	1,000,000	56% to 28¼c. per gal.	429	....
Filleted fish, fresh or frozen: cod, haddock, hake, pollock, cusk and rosefish	Lb.	15,000,000	2½ to 1¼c. per lb.	4,250,471	28.3
Seed potatoes	Bu.	1,500,000 beginning Sept. 15, 1941	75 to 37½c. per 100 lb.	550,071	36.6
White or Irish potatoes, other than seed potatoes	Bu.	1,000,000 beginning Sept. 15, 1941	75 to 60c. per 100 lb. Dec. 1 to end of February; 37½c. Mar. 1 to Nov. 30	20,799	2.0
Red cedar shingles	Sq.	2,617,111	Free	1,438,498	54.9
Silver or black foxes, furs and articles: *Foxes valued under \$250 each and whole furs and skins	No.	100,000 beginning Dec. 1, 1941	50 to 35% ad val.	55,209	55.2
Tails	Piece	5,000 beginning Dec. 1, 1941	50 to 35% ad val.	5,000	Quota filled

* The duty on live foxes of 15 per cent ad valorem, the rate fixed in the Tariff Act of 1930, is not affected by the Agreement.

During the second quarter of 1942 Canada shipped 49,447 head of cattle weighing 700 pounds or more, other than dairy cattle, to the United States, or 96.4 per cent of the quarterly quota allotment of 51,720 head provided for by the United States. The second quarter allotment of 8,280 head from countries other than Canada was filled, and receipts over and above this allotment were subject to the full rate of tariff.

TARIFF CHANGES AND TRADE REGULATIONS

Australia

SALES TAXES INCREASED

Mr. Frederick Palmer, Canadian Trade Commissioner at Melbourne, writes that the rate of sales tax applicable to goods in general, both imported and domestic, was increased on May 1, 1942, from 10 per cent to 12½ per cent, and that the rate on goods named in the schedule of the Sales Tax Assessment Act covering luxury and less essential commodities was increased to 25 per cent. These are the only rates of sales tax to be in use. The category of goods subject to 5 per cent sales tax is abolished, and many of the articles formerly included in it are added to the list of goods exempt from sales tax, e.g., equipment for the

fishing industry, drugs and medicines, surgical appliances, scientific equipment for educational institutions, axes, tool handles of wood, harness, iron and steel wire of gauges 6 to 14.

It is estimated that the increase in the general sales tax rate from 10 per cent to 12½ per cent will yield £A5,287,500 additional revenue, and that the increase from 20 per cent to 25 per cent in the sales tax on non-essentials will yield £A1,375,000. The loss of revenue from goods that formerly paid 5 per cent sales tax but are now exempt is expected to be £A290,000, leaving a net gain in revenue resulting from the changes in rates of £A6,372,500.

Sales tax, when applied to imports into Australia, is calculated on the duty-paid-value of the goods plus 20 per cent thereof.

New Zealand

TOBACCO AND SPIRITS DUTIES INCREASED

Increases of 25 per cent (one-quarter) on the scheduled customs tariff duties on tobacco and of 15 per cent on spirituous liquors and wines imported into New Zealand, which were imposed on September 26, 1939, were rescinded on May 1, 1942, and replaced by specified additional duties for each item of tobacco and ale, and as regards spirits and wines by an increase of 50 per cent (one-half) of the tariff rates. The new arrangement increases the imposts on all the articles affected except unmanufactured tobaccos, which are subject to the same total rates as before.

SALES TAX INCREASED

By a resolution of the New Zealand Parliament, effective May 1, 1942, the general rate of sales tax on importations and domestic sales was increased from 10 per cent to 20 per cent. However, a number of commodities are not affected by this increase and continue to be subject to 10 per cent sales tax, viz.: apparel (including hosiery but not hats); woollen blankets; woollen piece-goods; woollen yarns; footwear; sole leather; baking powder; roasted coffee; cream of tartar; gluten flour; tea; timber and joinery; cigars; snuff; and tobacco, cut and otherwise manufactured.

The New Zealand sales tax on imports is calculated on the duty-paid value of the goods, increased by 25 per cent thereof. The rate of taxation was increased from 5 per cent to 10 per cent on June 28, 1940, and is now advanced to 20 per cent except as regards the commodities above mentioned and a considerable list of goods which are exempt from sales tax.

Bermuda

ARTICLES FOR WHICH IMPORT PERMITS ARE NOT TO BE GRANTED

A notice from the Food and Supplies Control Board, with effect from May 20, 1942, appeared in the *Official Gazette* of June 1, 1942, enumerating many classes of goods for which it was stated permits would not be granted for importation from any source. Among the articles in this list are:—

Liqueurs (except blackberry brandy, green and white creme de menthe, rye whisky; wines (except banana, port, sherry, vermouth); manufactured mineral waters; Poland water; various specified bicycle accessories; atomizers (except for medical use); gift sets containing toilet articles; hair washes, nail polish and some other cosmetics.

Material made of pure silk; leather gloves, silk handkerchiefs, white dinner jackets, jewellery, dinner suits, dress waistcoats, fancy waistcoats, being gentlemen's wear; artificial

flowers (except for millinery), leather hand bags, beach bags, costume jewellery, evening bags, evening coats and wraps, evening dresses, evening slippers, silk and nylon hose, being ladies' wear.

The following electrical equipment: cash registers (except for replacement purposes); cigar lighters; clocks; dish washers (except for commercial use); fancy lighting fixtures; floor polishers (except for commercial use); fluorescent lighting (except new installations); food mixers and cutters; food machines (except for commercial use); hair curlers; hair dryers; intercommunication telephone sets; floor and table lamps; lathes and machinery of similar type (except for commercial use); milking-machines; percolators and coffee makers; razors; sandwich toasters; signs; toasters; soldering irons; vacuum cleaners; vibrators; waffle irons and grills; washing-machines; water coolers (except for institutions); water kettles.

Almond paste; sweet ground almonds; ammonia flakes; asparagus; brown bread; prepared cake flours; cakes; cheese (except in bulk); chocolate sauces (except in one-gallon containers or larger); coffee in tins; desiccated coconut; cornmeal (except in bulk); corn-on-cob; confectionery (except hard-boiled candy, chocolate bars of plain chocolate and nuts, and raisins, chewing gum and life-saver type candy); crushed oats; dog foods; canned and bottled fish (except pilchards, salmon, sardines, tuna and herring); fish foods; canned or bottled fruit (except apples, apple sauce, apricots, fruit salad, peaches, pears and prunes); horseradish; ice-cream mix (except in commercial size containers); icing sugar (except for commercial purposes); mayonnaise; mince meat; mushrooms; prepared mustard (except in one-gallon containers); canned or bottled meats (except corned beef, dried beef, frankfurters in not less than 5-pound containers, meat pastes, mutton, pigs feet in bulk, roast beef, sausages, spiced ham in not less than 6-pound containers, tongue, turkey, veal loaf); noodles; olives; rolled oats (except in bulk); prepared seasonings; cocktail sausages; spaghetti, in tins or bottles, and similar products; vegetable juice (except tomato juice and V 8); vinegar (except in bulk); wedding-cake decorations.

Beach umbrellas; steel door mats; eiderdowns; fern stands; fire-place equipment (except screens); fitted bars; garden and porch furniture; framed pictures; game tables; hanging shelves; hat-racks; kitchen cabinets and metal stools; linen hampers; steel office furniture (except filing cabinets); pianos; play pens and pads; sewing cabinets; smoking stands; sofa cushions; card tables; tea wagons, toilet seat covers; venetian blinds.

Brass ornaments; chromium tableware; wall and table mirrors; costume jewellery; neck chains and ornaments; pewter goods; prize cups; silver meat-platters; silver and chromium cocktail-shakers or photo frames; silver vases and water pitchers; travelling clocks; watches in excess of £10; watches from Switzerland in excess of £1 10s.

Metal ash trays; basin and sink cabinets; bathroom scales; bread mixers; broilers; canister sets; carpet bags; clothes boilers; clothes drying-racks; cocktail shakers; copper call bells; decorative candles; decorative pottery ware; steel or wire doormats; earthenware crocks; enamel table tops; flower pots and saucers; garbage cans; glass coasters; goldfish bowls; ice-cracking machines; ice-cream freezers (except for commercial use); juice extractors; linen hampers; picnic sets; potato ricers; pudding moulds; refrigerator bottles; rubber matting; paper spoons; tea bells; thermos bottles (except $\frac{1}{2}$ pint, pint and quart size); vegetable bins; vegetable brushes; waffle irons; waste-paper baskets; water-coolers; wooden salad bowls.

Motor and sail boats; rowboats; canoes; engines (except for commercial use); diesel oil (except in bulk); lubricating oil (except in bulk); motor and sail yachts.

Dog brushes, combs and soaps and powders; fireworks; kerosene (except in bulk); lawn-rollers; boiled linseed oil; lard oil; lubricating oil for motors (except in bulk); whale oil; plaster board and plaster for same; rosin; shoe-trees; showcases, tracks and rollers; tile, including composition tile and tile board.

Box stationery; crepe paper; lining paper; paper cups (except envelope and cone type); paper forks; paper frills; paper milk-containers; paper place-mats; paper plates; paper spoons; shelf paper; tissue paper.

Fruits, nuts and topping for ice-cream and sundaes, and soda straws.

Archery sets; ping-pong tables; poker chips and sets; air rifles and shot; large-type toy auto-cars; balloons; Christmas tree ornaments and lights; toy desks; electric trains; rocking horses; roller skates; scooters; swings; trucks.

PROHIBITED EXCEPT FROM EMPIRE SOURCES

It is announced that no import permits will be granted for importation from other than Empire sterling sources of:—

Sweetened biscuits; farine; molasses; puddings and pudding powders; pickles (except sweet relish in bulk); gin; Scotch whisky; rum; bay rum; beauty creams; cleansing creams; perfumes; tobacco of all kinds (except Beechnut, Bugler, Granger, Honest, Plug, Liberty and Raleigh); china; earthenware; etched and cut glassware; tennis rackets; golf clubs and balls; leather wallets; fur-felt hats; shoe polish; marine barometers; tombstones.

The following if in excess of the price quoted in each case, which has reference to an f.o.b. price:—

Infants' shoes, sizes 1-6 (\$1 per pair); children's shoes, sizes 6½-12 (\$1.85); youth's shoes, sizes 12½-3 (\$2.25); misses' shoes, sizes 12½-3 (\$2.25); boys' shoes, sizes 1-8 (\$3); girls' shoes, sizes 3-9 (\$3).

Gentlemen's garters, \$4.25 per doz.; dressing gowns, \$7.50 each; wool-felt hats, \$15 per dozen; pyjamas, \$24 per dozen; day shirts, \$21 per dozen; sports and polo shirts, \$15 per dozen; shoes, \$6 per pair; shorts for street wear, \$27 per dozen; slippers, \$3.50 per pair; summer suits, \$15 per suit; braces and suspenders, \$7.50 per dozen; ties, \$8 per dozen; odd trousers, \$6 per pair, swimming trunks, \$24 per dozen.

Ladies' Wear: bathing suits, \$5.75 each; leather belts, \$12 per dozen; blouses, \$3.75 each; brassieres, \$1.75 each; coats, \$15.75 each; corsets, \$4 each; art silk day dresses, \$12.75 each; cotton day dresses, \$6.75 each; woollen day dresses, \$10.75 each; dressing gowns, \$6.75 each; hats, \$4 each; nighties, \$3.50 each; panties, \$2.50 each; play suits, \$6.75 each; raincoats, \$6.75 each; wool scarfs; shorts, \$4.25 per pair; shoes, \$5.50 per pair; shirts, \$4.75 each; slacks, \$5.75 per pair; slippers, \$3.50 per pair; slips, \$3.25 each; wool socks; suits, \$14.75 each.

Bedspreads, \$4 each; carpets and rugs; curtains, \$2 per pair; curtain rods, 30 cents each; drapery material, \$1 per yard; mattresses, \$18 each; occasional pieces of furniture, \$14 each; overstuffed pieces of furniture (three-piece sets), \$100 per set; pillows, \$5 per pair; upholstery material, \$2 per yard.

Radios, \$32.50 each; engagement rings, \$100, and wedding rings, \$40 each; playing cards, 40 cents per pack.

British Guiana

SUBSIDY FOR IMPORTED FLOUR

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, writes under date June 25, 1942, that the Controller of Commodities in British Guiana has advised local flour importers that as from June 13, inclusive, a subsidy will be paid in respect of any excess difference between the actual duty-paid cost (in B.W.I. currency) and a stipulated basic duty-paid cost of \$3.75 (B.W.I. currency) per half bag (98 pounds) of Extras and \$4.20 (B.W.I. currency) per half bag of Super flour. It is hoped that this will prevent further increases in the prescribed maximum wholesale and retail prices of these grades.

Newfoundland

YOUNG PIGS EXEMPT FROM REVENUE WAR TAX

A Newfoundland Customs Notice of June 20, 1942, removed the 7½ per cent ad valorem Revenue War Tax on imports from non-sterling countries since November 30, 1940, in so far as the tax applies to pigs under three months of age. They are also exempt from ordinary customs duty under Item 30 of the Newfoundland tariff.

Canadian Trade Commissioners should be kept supplied with catalogues, price lists, discount rates, etc., and the names and addresses of trade representatives by Canadian exporters. Catalogue should state whether prices are at factory point, f.o.b. at port of shipment, or, which is preferable, c.i.f. at foreign port.

The Canadian Government Trade Commissioners at the present time are using Bentley's Second Phrase Code.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING JULY 6, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, July 6, 1942, and for the week ending Monday, June 29, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending June 29	Nominal Quotations in Montreal Week ending July 6	Official Bank Rate
Great Britain	Pound	4.8666			
	Buying		\$4.4300	\$4.4300	2
	Selling		4.4700	4.4700	—
United States	Dollar	1.0000			
	Buying		1.1000	1.1000	1
	Selling		1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
	Bid		4.4200	4.4200	—
	Offer		4.4800	4.4800	—
Other British West Indies	Dollar	1.0138	.9313	.9313	—
Argentina	Peso (Paper)	.4245			
	Official		.3304	.3304	3½
	Free		.2616	.2613	—
Brazil	Milreis (Paper)	.1196			
	Official		.0673	.0673	—
	Free		.0571	.0571	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
	Official		.0573	.0573	3-4½
	Export		.0444	.0444	—
Colombia	Peso	.9733	.6325	.6325	4
Venezuela	Bolivar	.1930			
	Official		.3313	.3313	—
	Free		.3324	.3324	—
Uruguay	Peso	1.0342			
	Controlled		.7307	.7307	—
	Uncontrolled		.5854	.5854	—
South Africa	Pound	4.8666			
	Bid		4.3862	4.3862	3
	Offer		4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
	Bid		4.5380	4.5380	—
	Offer		4.5906	4.5906	—
India	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
	Bid		3.5300	3.5300	3
	Offer		3.5760	3.5760	—
New Zealand	Pound	4.8666			
	Bid		3.5440	3.5440	1½
	Offer		3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

C. H. PAYNE, Director

Argentina

J. A. STRONG, Commercial Attaché, Bartolome Mitre 478, Buenos Aires (1). (Territory includes Uruguay.) *Cable address, Canadian.*

Australia

Sydney: **L. M. COSGRAVE**. Address for letters—P.O. Box No. 3952V. Office—City Mutual Life Building, Hunter and Bligh Streets. (Territory includes the Australian Capital Territory, New South Wales, Queensland, Northern Territory and Dependencies.) *Cable address, Canadian.*

Melbourne: **FREDERICK PALMER**, 44 Queen Street, Melbourne, C.1. (Territory includes States of Victoria, South Australia, Western Australia, and Tasmania.) *Cable address, Canadian.*

Brazil

L. S. GLASS, Commercial Attaché. Address for letters—Caixa Postal 2164, Rio de Janeiro. Office—Ed. "Brasilia," Sala 1110, Av. Rio Branco 311. *Cable address, Canadian.*

British India

PAUL SYKES. Address for letters—P.O. Box 886, Bombay. Office—Gresham Assurance House, Mint Road, Bombay. (Territory includes Burma and Ceylon.) *Cable address, Canadian.*

British West Indies

Trinidad: **G. A. NEWMAN**. Address for letters—P.O. Box 125, Port of Spain. Office—Colonial Life Insurance Building. (Territory includes Barbados, Windward and Leeward Islands, and British Guiana.) *Cable address, Canadian.*

Jamaica: **F. W. FRASER**, P.O. Box 225, Kingston. Office—Canadian Bank of Commerce Chambers. (Territory includes the Bahamas and British Honduras.) *Cable address, Canadian.*

Chile

M. J. VECHSLER. Address for letters—Casilla 771, Santiago. (Territory includes Bolivia.) *Cable address, Canadian.*

Cuba

C. S. BISSETT. Address for letters—Apartado 1945, Havana. Office—Royal Bank of Canada Building, Calle Aguiar 367, Havana. (Territory includes Haiti, the Dominican Republic, and Puerto Rico.) *Cable address, Canadian.*

Egypt

Acting Trade Commissioner. Address for letters—P.O. Box 1770, Cairo. Office—22 Shari Kasr el Nil, Cairo. (Territory includes the Sudan, Palestine, Cyprus, Iraq, Syria, Iran and Turkey.) *Cable address, Canadian.*

Ireland

E. L. McCOLL, 66 Upper O'Connell Street, Dublin, Ireland (*cable address, Canadian*); and 36 Victoria Square, Belfast, Northern Ireland.

Mexico

Acting Trade Commissioner. Address for letters—Apartado Num. 126-Bis, Mexico City. Office—Edificio Banco de Londres y Mexico, Num. 30, Mexico City. (Territory includes Guatemala, Honduras, and Salvador.) *Cable address, Canadian.*

Newfoundland

R. P. BOWER, Acting Trade Commissioner, Circular Road, St. John's.

CANADIAN GOVERNMENT TRADE COMMISSIONERS—*Con.*

New Zealand

C. B. BIRKETT, Acting Trade Commissioner. Address for letters—P.O. Box 33, Auckland. Office—Yorkshire House, Shortland Street, Auckland. (Territory includes Fiji and Western Samoa.) *Cable address, Canadian.*

Panama

H. W. BRIGHTON. Address for letters—P.O. Box 222, Panama City. Office—98 Central Avenue, Panama City. (Territory includes the Canal Zone, Venezuela, Colombia, Nicaragua, Costa Rica, and the Netherlands West Indies). *Cable address, Canadian.*

Peru

W. G. STARK, Acting Trade Commissioner. Address for letters—Casilla 1212, Lima. Office—Edificio Boza, Carabaya 831, Plaza San Martin, Lima. (Territory includes Ecuador.) *Cable address, Canadian.*

South Africa

Cape Town: J. C. MACGILLIVRAY. Address for letters—P.O. Box 683. Office—New South African Mutual Buildings, 21 Parliament Street. (Territory includes Cape Province and Southwest Africa, Natal, Tanganyika, Kenya, Uganda, Mauritius, Madagascar and Angola.) *Cable address, Cantracom.*

Johannesburg: H. L. BROWN, Acting Trade Commissioner. Address for letters—P.O. Box 715. Mutual Buildings, Harrison Street. (Territory includes Transvaal, Orange Free State, the Rhodesias, Mozambique or Portuguese East Africa, Nyasaland and the Belgian Congo.) *Cable address, Cantracom.*

United Kingdom

London: FREDERIC HUDD, Chief Trade Commissioner in the United Kingdom, Canada House, Trafalgar Square, S.W.1. *Cable address, Sleighing, London.*

London: J. A. LANGLEY, Trade Commissioner, Canada House, Trafalgar Square, S.W.1. (Territory includes Home Counties, Southeastern Counties, and East Anglia; also British West Africa.) *Cable address, Sleighing, London.*

London: W. B. GORNALL, Fruit Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Canfrucum.*

London: G. R. PATERSON, Animal Products Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Agrilson.*

Liverpool: A. E. BRYAN, Martins Bank Building, Water Street. (Territory includes North of England, Lincolnshire, North Midlands, and North Wales.) *Cable address, Canadian.*

Bristol: JAMES CORMACK, Northcliffe House, Colston Avenue. (Territory includes West of England, South Wales, and South Midlands). *Cable address, Canadian.*

Glasgow: G. B. JOHNSON, 200 St. Vincent Street. (Territory covers Scotland.) *Cable address, Cantracom.*

United States

Washington: H. A. SCOTT, Commercial Attaché. Office—Canadian Legation.

New York City: D. S. COLE, British Empire Building, Rockefeller Center. (Territory includes Bermuda.) *Cable address, Cantracom.*

Chicago: M. B. PALMER, Tribune Tower, 435 North Michigan Avenue. *Cable address, Canadian.*

Los Angeles: J. C. BRITTON, Acting Trade Commissioner, Associated Realty Building, 510 West Sixth Street. *Cable address, Canadian.*

Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

Commercial Intelligence Journal

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Deputy Minister: L. D. Wilgress

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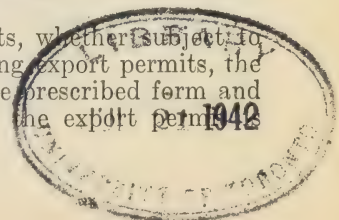
SHIPPING PRIORITIES FOR EXPORTS TO LATIN AMERICA

Commencing August 15, commercial shipments of 2,240 pounds or more to Latin American countries, when routed by sea through United States ports, will require export priorities, which will be assigned by the Export Permit Branch of the Department of Trade and Commerce in consultation with the Shipping Priorities Committee, Ottawa, according to a statement issued by the Honourable James A. MacKinnon, Minister of Trade and Commerce. The Minister explained that the new system is to be instituted in order to facilitate the maintenance of Canada's export trade to Latin American countries and to tie in with a procedure that was recently announced in Washington affecting all commercial shipments from United States ports to the following countries:—

Argentina	Dominican Republic	Nicaragua
Bolivia	Ecuador	Panama
Brazil	El Salvador	Paraguay
Chile	Guatemala	Peru
Colombia	Haiti	Uruguay
Costa Rica	Honduras	Venezuela
Cuba	Mexico (except all rail)	

Exporters who expect to have goods ready for shipment on or after August 15 should submit the required application for freight space in accordance with instructions as outlined hereunder.

The new system will apply to all commercial exports, whether subject to export permit or not. In the case of commodities requiring export permits, the exporter will, as at present, complete an application on the prescribed form and submit it to the Export Permit Branch, Ottawa. When the export permit is



issued it will bear a rating which will indicate to the exporting firm the export shipping priority that will be applied to the shipment, and it will, therefore, provide an intimation as to whether or not the exporter should enter into commitments for the manufacture and delivery of the goods. The priorities that are assigned take into consideration the limitations of available shipping tonnage, the essential requirements of the importing countries as expressed by their Governments, and the requirements of projects which produce materials of strategic importance to the war program of the United Nations. It should be emphasized, however, that the shipping priority that appears on the export permit is based upon shipping conditions at the time the permit is granted. These conditions may be entirely altered by the time the goods are ready for shipment, and the rating assigned is, therefore, not a guarantee that shipping space will be available when the goods are ready for shipment. For this reason a set of forms on which the exporter will apply for freight space will be attached to each export permit when it is returned to the exporting firm. Firms holding export permits for goods that will not be shipped until August 15 or later should now complete applications for freight space.

If the commodities concerned do not require export permits, exporters should apply for freight space direct to the Secretary, Shipping Priorities Committee, West Block, Ottawa.

In either case applications for freight space must be completed in sextuplicate and forwarded to the Shipping Priorities Committee as soon as the goods are actually ready for shipment or when the goods will be ready to move from the factory or warehouse within one month after the application for space is submitted. The Shipping Priorities Committee will refer the applications to the proper United States Authorities and endeavour to obtain space allocations out of United States ports. In due course the exporter or his agent will be notified of a tentative space booking from a designated port, and at the same time he will receive the necessary Transport Controller's permit to move his shipment by rail to the port. This notice of tentative space booking should not be considered an allocation for a specific ship; it will only grant permission to move the goods to a certain port during a specified period. The confirmation of space allocation will be obtained from the shipping firm, and the exporter or his agent should keep in touch with the various steamship operators in the usual way to ascertain the name of the ship, its loading berth and date of loading. Even if goods have been assigned to a specific ship, there is still no guarantee of actual shipment, as it might become necessary to cancel or modify the booking to suit the shipping situation at the time and in accordance with the volume of tonnage offering for shipment.

Shipments of less than 2,240 pounds to the specified Latin American countries will be handled in the usual way. A certain amount of space will be reserved on each ship to take care of such small lots. They do not require a space allocation, and exporters should make arrangements direct with the shipping lines.

Shipments to other than the specified Latin American countries will also be handled in the usual way, as these do not require an export shipping priority nor a space allocation.

Liquids or materials shipped in bulk by tanker are not affected by this new system.

Exporters must supply the following details on the form on which applications for freight space are submitted: An indication of the location and exact time when the goods will be ready for shipment; the name and address of the exporter; the point of origin of the shipment; the names and addresses of the original consignee in the Latin American country, the ultimate consignee and the purchaser; the port of discharge; gross weight and cubic measurements; number of packages; a description of the merchandise; whether the application covers

the whole shipment or the first, intermediate, or final portion of the shipment; the export permit number, date of issue, priority rating (in cases where export permits are required); an intimation of the preferred United States area of export; the name and address of the firm or person to whom the notice of tentative freight booking should be addressed.

Applications for freight space may be submitted with respect to portions of a consignment as they become ready for shipment. If, however, the portions are less than 2,240 pounds in weight, no application need be submitted. Bookings should be arranged for such small lots directly with the ship operators as mentioned previously.

Where shipments comprise goods bearing different export shipping priority ratings, each rating must be shown on the application. It is recommended, however, that only A- and B-rated cargo be included in one shipment, as the presence of lower ratings will delay the assignment of freight space for the whole lot.

The new procedure is already in operation in the United States, and Canadian exporters who expect to have cargoes ready for shipment on or after August 15 should take steps to submit the necessary applications for freight space immediately. The forms and any further explanations required may be obtained from the Secretary, Shipping Priorities Committee, West Block, Ottawa.

NEW REGULATIONS AFFECTING IMPORTS INTO CANADA THROUGH UNITED STATES PORTS

Canadian importers of goods affected by the recently issued United States General Imports Order M-63 are advised to apply to the Secretary, Shipping Priorities Committee, West Block, Ottawa, if they are desirous of importing any of these commodities from overseas countries through ports in the United States. A statement issued by the Honourable James A. MacKinnon, Minister of Trade and Commerce, explains that this order prohibits the import into the United States (including "in bond" and "in transit" shipments) of certain specified goods unless they have been purchased by a United States government department, agency or corporation (or by an agent of such department, agency or corporation) or unless exemption from the provisions of the Order has been granted. This prohibition against importation does not apply to the materials enumerated in Lists I and II of the Order which had been contracted for prior to July 2, 1942, but will apply to new contracts for commodities specified in these lists and to the goods in List III of the Order, whether they were ordered prior to July 2 or otherwise.

The commodities affected by General Imports Order M-63, as at June 30, 1942, which may be of interest to Canadian firms include the following:—

List I.—Balsa wood; beef and mutton tallow (including oleo stock); castor oil; corn or maize oil; cottonseed oil; glycerine (crude and refined); graphite or plumbago; neatsfoot oil; oiticica oil; peanut oil; quebracho extract; rotenone-bearing roots; sunflower oil; wool grease.

List II.—Babassu nuts and kernels; babassu-nut oil; cashew nuts and kernels; cashew-nut oil and shell oil; chrome ore; coconut oil; copra; hides and skins (including cattle, buffalo, kip, calf, cabretta skins or hair sheep, goat and kid); iron and steel scrap; istle or tampico fibre; kapok; lac; mahogany logs; mica; palm-nut kernels; palm-kernel oil; palm oil; pig and hog bristles; rapeseed and rapeseed oil; shellac; tin bars, blocks, pigs, grain, granulated or scrap, and alloys; tung oil; tungsten ore and concentrates; vanadium ore.

List III.—Alfalfa seed; argols, tartar and wine lees, and crude calcium tartrate; beeswax; bone black, bone char and blood char; Brazil nuts; cacao butter; casein or lactarene; chicle; cocoa beans; coffee; cotton linters (other than munitions and chemical grades); cotton, raw; certain fish and shellfish and their products; fluorspar; fruits, namely, bananas, grapefruit, grapes (fresh, other than hothouse), limes, melons, peaches (green, ripe or in brine), pears (green, ripe or in brine); glue; certain grains and preparations (including corn and broken

rice); hides and skins, namely, horse, colt and ass, and sheep and lamb skins (except cabrettas and goat and kid skins included in List II); honey; iodine; iron ore; leather; meat products, namely, beef and veal pickled or cured, canned beef including corned beef, meat extracts including fluid, edible offal, prepared or canned pork, ham shoulders, bacon and sausage and sausage casings; condensed and evaporated milk; molasses (edible and inedible); nitrates (sodium and potassium); oleo stearine; piassava fibre; soap and soap powder; sugar (cane); tallow (vegetable); tankage; tapioca, tapioca flour and cassava; unmanufactured tobacco; tonka beans; vanilla beans; certain vegetables (including dried beans, onions and dried and split peas); certain wools and related fibres (including apparel wool, 44's or coarser, carpet wool and wool noils and wastes).

Canadian importers who have on order, or intend to order, any of the above-mentioned commodities should inform the Secretary, Shipping Priorities Committee, West Block, Ottawa, accordingly, giving full details of the material concerned, names and addresses of consignor and original producer, country of origin and the proposed use or disposition of the material. Upon receipt of this information the Shipping Priorities Committee will take steps, in so far as essential materials are concerned, to obtain the necessary exemption from the General Imports Order and ensure the movement through the United States of such goods in transit to Canada.

The Shipping Priorities Committee, after a thorough study of the shipping situation, has decided to apply a system of certification of imports by sea from Latin American countries, including Central America and the Caribbean area, and it is expected that this system will facilitate the movement of Canada's essential requirements. Importers of goods from these countries should obtain, from the Canadian Controller or Administrator of the commodity concerned, shipping space certificate application forms. After completion, the form is returned to the Controller or Administrator who, after approving of the application, will transmit it to the Shipping Priorities Committee. The Committee will then endeavour to secure through the United States authorities a definite allocation of space for the shipment concerned.

OVERSEAS TRADE OF AUSTRALIA IN 1941

L. M. COSGRAVE, CANADIAN TRADE COMMISSIONER

Sydney, June 6, 1942.—For the year ended December 31, 1941, the total value of Australia's overseas trade (in British currency) was £229,861,015, a decrease of £15,486,645 from the 1940 total of £245,347,660. Reduced figures for both imports and exports accounted for this decline, which was not unexpected owing to the severe restrictions which have been imposed on them.

The total value of imports was £120,150,903 as compared with £125,963,440 in 1940, a decrease of £5,812,537; the value of exports totalled £109,710,112 as compared with £119,384,220 in 1940, a decrease of £9,674,108. The adverse balance of trade amounted, therefore, to £10,440,791 as compared with £6,579,220 in the previous year.

As stated in the report from this office for the year ended December 31, 1940, statistics regarding direction of trade are no longer published, so that an analysis of the trading position in relation to individual countries is not possible. However, the statistics of exports and imports by main classes and by principal commodities, which are available except for gold, silver and bronze specie and certain essential war materials, afford an indication of the trend of Australian trade during the period under review.

The following table shows the value of Australia's exports and imports by main classes in 1940 and 1941:—

Australian Exports and Imports by Main Commodity Groups

	Total Exports		Total Imports	
	1940	1941	1940	1941
	Pounds	Australian	Pounds	Sterling
Totals	149,528,736	137,411,918	125,963,440	120,150,903
Foodstuffs of animal origin	30,595,068	32,400,614	1,372,635	885,568
Foodstuffs of vegetable origin	32,037,575	22,781,236	4,246,670	5,781,707
Spirituuous and alcoholic liquors	1,128,048	3,357,601	1,050,354	382,525
Tobacco	361,683	765,118	1,197,072	519,123
Live animals	183,751	245,508	101,678	51,523
Animal substances, not foodstuffs	59,745,592	48,231,850	1,643,208	1,151,395
Vegetable substances and fibres	435,279	551,996	4,384,281	4,685,920
Apparel, textiles and yarns	1,219,270	3,148,173	28,310,316	24,691,786
Paints and varnishes	195,742	248,083	863,197	690,074
Stones and minerals	2,001,094	1,699,152	1,286,851	1,139,218
Metals, metal manufactures and machinery	12,710,875	13,541,745	39,249,525	44,797,602
Rubber and leather	1,609,274	1,464,433	2,636,908	3,103,842
Wood and wicker	1,138,371	915,960	1,545,214	1,110,366
Earthenware, cements, glass, etc.	181,040	348,551	1,907,725	1,870,497
Paper and stationery	390,789	502,181	7,813,075	4,619,148
Jewellery and fancy goods	102,135	146,690	1,142,271	857,211
Optical, surgical and scientific instruments	397,346	397,760	1,863,697	1,815,454
Drugs, chemicals and fertilizers	1,150,537	1,584,941	6,643,072	5,776,568

EXPORTS

All export values are shown in Australian currency and, as indicated in the foregoing table, there was a marked decrease in the total for the calendar year 1941, which amounted to only £A137,411,918 as compared with £A149,528,736 for the previous year. This decrease is attributed to government prohibition of the export of a number of commodities that are considered essential to the economic life and the defence of Australia.

It is noteworthy, however, that, while there was a reduction in the total value of exports, fifteen out of the twenty classes of commodities showed increases.

COMMODITIES SHOWING DECREASES

The largest decrease occurred under the heading "animal substances, not foodstuffs," total exports of which fell to £A48,231,850 from £A59,745,592 in 1940. The chief items included in this group were: greasy wool, £A37,127,793 (£A45,371,558 in 1940); wool, scoured and tops, £A5,560,112 (£A9,899,150); rabbit skins, £A3,645,449 (£A1,404,576); sheepskins, £A667,917 (£A1,669,626).

Exports of foodstuffs of vegetable origin decreased to £A22,781,236 from £A32,037,575 in the previous year, the main items being: wheat, £A4,677,694 (£A11,626,915); flour, £A6,248,943 (£A7,003,318); sugar, £A2,487,262 (£A5,699,298); and raisins, £A1,998,627 (£A2,098,169).

There were decreases also for stones and minerals, £A1,699,152 (£A2,001,094); rubber and leather, £A1,464,433 (£A1,609,274); and wood and wicker, £A915,960 (£A1,138,371).

COMMODITIES SHOWING INCREASES

The largest increase occurred in the group "spirituuous and alcoholic liquors," which showed an improvement of £A2,229,553 to £A3,357,601 from £A1,128,048 in 1940. This was mainly accounted for by exports of ale, beer, etc., valued at £A2,119,602 (£A442,407 in 1940), the bulk of which was forwarded to the Australian forces serving overseas.

The second largest increase was in apparel, textiles and manufactured fibres, the total for which was £A3,148,173 (£A1,219,270). The chief items were apparel and attire, other than boots and shoes, £A1,247,140 (£A244,451); manufactured fibres, £A563,500 (£A545,006); and piece-goods £A552,905 (£A276,627).

Another interesting increase occurred in the group "foodstuffs of animal origin," which improved from £A30,595,068 in the previous year to £A32,400,614.

The principal items in this group were: butter, £A11,568,591 (£A12,107,562); lamb, £A4,631,016 (£A4,463,101); beef, £A3,196,876 (A4,542,133); and milk and cream, £A2,221,096 (£A1,266,784).

Exports of metals, metal manufactures and machinery increased slightly from £A12,710,875 in 1940 to £A13,541,745, this improvement being in machines and machinery, which totalled £A2,759,892 (£A1,774,965). Exports of metals and metal manufactures totalled £A10,781,853 (£A10,935,910). The most important among the other classes showing increases were: drugs, chemicals and fertilizers, exports of which were valued at £A1,584,941 (£A1,150,537).

IMPORTS

(All values are in pounds sterling)

As was expected, due to the stringent restrictions and total prohibition placed on the importation of a large number of non-essential commodities under the Australian Customs (Import Licensing) Regulations, there was a marked decrease of £5,812,537 in imports in 1941, the total value amounting to £120,150,903 as compared with £125,963,440 in 1940.

Owing to wartime regulations, the value of imports of oils, fats and waxes and of miscellaneous commodities are not now published. However, of the remaining 18 classifications, 14 showed decreases and for 4 there were increases. The principal group showing an increase was "metals, metal manufactures and machinery," imports of which totalled £44,797,602 as compared with £39,249,525 in the preceding twelve months. This group is subdivided into two groups: (a) machines and machinery and (b) metals and metal manufactures other than machinery.

MACHINES AND MACHINERY

Imports of machines and machinery totalled £14,337,470 (£13,607,212 in 1940), an increase of £730,258. The chief items in this group for which increases were recorded were: motive power machinery, excluding electric, £3,879,773 (£2,649,794); other machines and machinery, £5,308,564 (£4,068,704); roller bearings and ball bearings, £472,550 (£359,598). The most noteworthy decreases were in covered cable and wire, £1,032,896 (£1,536,741); dynamo electric machines, £506,951 (£694,234); telegraph and telephone instruments, £301,657 (£616,463); and sewing-machines, £266,773 (£521,569).

METALS AND METAL MANUFACTURES, OTHER THAN MACHINERY

An increase of £4,817,819 was shown under this heading, from £25,642,313 to £30,460,132. This was undoubtedly attributable to increased imports of essential metals for munitions production, etc., the figure for other metals and metal manufactures being £23,110,150 (£16,638,195). Decreases were recorded for motor chassis and parts, £2,819,912 (£5,961,505); motor bodies and parts, £6,117 (£71,124); tools of trade, £667,935 (£925,707); and lamps and lampware, £173,320 (£287,277).

FOODSTUFFS OF VEGETABLE ORIGIN

Imports under this heading showed an improvement of £1,517,037, from £4,264,670 in 1940 to £5,781,707. The chief item was tea, which increased to £3,112,702 (£2,543,154).

VEGETABLE SUBSTANCES AND FIBRES

An increase of £301,639 was shown in imports in this class, the total value amounting to £4,685,920 as compared with £4,384,281 in the previous year. The principal item in this group was raw cotton valued at £1,312,130 (£780,070).

Decreases were recorded for pulp for papermaking, £691,626 (£760,453); linseed, £548,451 (£704,849); and gums and resins, £501,979 (£607,784).

RUBBER AND LEATHER

The value of imports under this heading totalled £3,103,842 as compared with £2,636,908 in 1940. The increase of £427,934, was attributable to improved figures for imports of crude rubber and rubber waste, which were valued at £2,672,239 (£2,114,553).

Of the 14 classes showing decreases the largest was in apparel, textiles and yarns, which declined by £3,618,530 from £28,310,316 in the previous year to £24,691,786. This class is divided into three sections. Although an increase of £216,434 was shown for apparel and attire, valued at £1,821,397 (£1,604,963), which was accounted for by improved figures in other apparel and attire, £852,840 (£287,078), the other two sections, textiles and yarns and manufactured fibres, showed decreases.

TEXTILES

Imports under this heading decreased from £20,863,884 to £17,622,278, a decline of £3,241,606, as most commodities in this group are now subject to drastic import restriction or importation is totally prohibited. Items of chief interest were: cotton and linen piece-goods, £7,561,259 (£8,633,144); silk and artificial silk piece-goods, £2,643,060 (£4,108,976); carpets, linoleums and other floor coverings, £1,809,755 (£2,086,264); canvas and duck, £945,104 (£962,008); hessian and other jute piece-goods, £936,127 (£1,143,453); and sewing and other cottons and threads, £697,340 (£745,575).

YARNS AND MANUFACTURED FIBRES

Total imports under this heading amounted to £5,248,111 (£5,841,469), a decrease of £593,358. The principal items were: corn and flour bags and sacks, £1,981,952 (£1,556,137); artificial silk yarns, £1,059,607 (£1,563,229); and cotton yarns, £718,822 (£685,822).

PAPER AND STATIONERY

As was expected, a heavy decrease of £3,193,927 occurred in imports in this group, the total only amounting to £4,619,148 as compared with £7,813,075 in 1940. This group is divided into two sections: paper, £3,224,474 (£6,134,374); and stationery and paper manufactures, £1,394,674 (£1,678,701). Decreases occurred in all items with the exception of other stationery, £387,236 (£382,857), which remained at practically the same level as last year. Import values for the main items are as follows: printing paper, £1,464,374 (£3,372,665); writing and typewriting paper, £472,441 (£1,034,517); wrapping paper, £373,365 (£507,044).

DRUGS, CHEMICALS AND FERTILIZERS

The decrease in this class amounted to £866,504, the total value of imports being £5,776,568 as compared with £6,643,072 in the previous year. Items of chief interest were: dyes, £722,141 (£653,907); fertilizers, £494,308 (£1,036,958); other medicines, £425,833 (£402,980); proprietary medicines, £309,420 (£406,296); and other drugs and chemicals, £3,016,447 (£3,159,377). Separate figures are not shown for certain commodities in this class, as they are essentially for war purposes.

EARTHENWARE, CHINA, CEMENTS, ETC.

There was a decrease in value of £37,228 for imports of this group, the total amounting to £1,870,497 as compared with £1,907,725 in the previous year.

OPTICAL, SURGICAL AND SCIENTIFIC INSTRUMENTS

Total imports in this class were valued at £1,815,454 (£1,863,697), a decrease of £48,243. The principal items were surgical and dental instruments, £605,015 (£600,001); and films for cinematographs, £578,179 (£545,706).

STONES AND MINERALS

Imports of stones and minerals were valued at £1,139,218 (£1,286,851), a decrease of £147,633 from the figure for the preceding year. The chief items were: abrasives, £272,778 (£280,779); asphalt, bitumen, etc., £154,959 (£278,447); and other minerals, including ores and concentrates, £696,761 (£711,855).

ANIMAL SUBSTANCES, NOT FOODSTUFFS

Imports under this heading declined to £1,151,395 (£1,643,208), or by £491,813. Of the four main items, two showed decreases: raw silk, £270,816 (£776,378); and hair and fibres, £196,572 (£196,795). Two showed increases: wool, £203,082 (£128,970); and calf, cattle, horse hides and skins, £112,142 (£48,184).

WOOD AND WICKER

A further decrease of £434,848, owing to import restrictions, was recorded for this group, the total imports being valued at £1,110,366 (£1,545,214). The group comprised timber, undressed, £765,056 (£1,112,465); timber, dressed, £108,952 (£166,022); and wood and wicker manufactures, £236,358 (£266,727).

FOODSTUFFS OF ANIMAL ORIGIN

Imports of these items showed a decrease of £487,067 to £885,568 (£1,372,635). The main items were: fish preserved in tins, £415,037 (£741,250); fish, fresh, smoked, potted and concentrated, £157,384 (£270,154); and sausage casings, £235,449 (£278,160).

JEWELLERY AND FANCY GOODS

Total imports in this group were valued at £857,211 as compared with £1,142,271 in the previous year, a decrease of £285,060. The chief items were timepieces, watches and clocks, £330,558 (£367,089).

PAINTS AND VARNISHES

Total imports of paints and varnishes showed a decrease of £173,123 to £690,074 (£863,197).

TOBACCO AND PREPARATIONS THEREOF

There was a reduction of £677,949 to £519,123 (£1,197,072) in imports in this group, receipts of unmanufactured tobacco falling to £375,934 (£1,515,739). However, increased figures were shown for imports of cigarettes, which rose to £34,295 (£17,178).

SPIRITUOUS LIQUORS

Here again there was a noteworthy decrease amounting to £667,829, the total value of imports being £382,525 (£1,050,354). All items showed marked decreases.

LIVE ANIMALS

Imports under this heading declined from £101,678 in 1940 to £51,523 in 1941, a decrease of £50,155.

NORTHERN IRELAND PRODUCTION OF COTTON AND RAYON UTILITY CLOTHS

E. L. McCOLL, CANADIAN TRADE COMMISSIONER

Belfast, June 11, 1942.—The Northern Ireland Minister of Commerce and Production, who has been endeavouring to provide alternative work to absorb the surplus labour of the linen industry, has had further discussions with the British Minister of Production regarding this matter and has announced that his efforts have met with some success.

Additional contracts involving the utilization of present and future stocks of flax for spinning and weaving have been obtained, further making-up contracts have been received from the Ministry of Supply, and more work for the making-up section of the industry is likely to be available through arrangements recently made with the Board of Trade. Arrangements have also been made for the allocation to the local linen industry of a definite quantity of cotton for weaving and a specific quantity of fibre or staple fibre for spinning and weaving. The extent to which this diversion can be maintained or expanded, however, will be largely a matter for the industry itself, since, in order to ensure continuity, it is essential that the cotton and fibre sent to this area be devoted almost entirely to the production of utility cloth at reasonable prices.

During the early half of the last century, Belfast's textile industry was engaged mainly in the production of cotton goods, and since then many manufacturers and merchants have carried on the trade, either as their main or as a subsidiary interest. Now circumstances have again brought cotton to the forefront. It is expected that between thirty and forty firms will be affected at first, but it may be necessary for an increasing percentage of the Ulster textile trade to transfer their activities to production of cotton for war purposes. The change-over, which involves considerable detailed organization, will be for most of the trade from the manufacture of luxury lines suitable for the export trade (affected by the Far Eastern crisis) to the production of essential goods for the civilian population.

ADEQUATE FACILITIES AVAILABLE

Ulster cannot spin the cotton yarns, but the Ministry of Production has obtained a special allocation of yarns from Lancashire. Already orders have been placed with the weavers—the Irish Power Loom Manufacturers' Association—for shirtings, and the Apron and Overalls Association have also booked orders. Handkerchief and embroidery firms, which are on short time, will probably undertake the manufacture of overalls and aprons.

For rayon the weavers are using fibre cut into short lengths; Ulster can spin as well as weave this type of fibre. The resulting rayon material is somewhat finer than has been used in the past, but will be utilized for women's and children's clothing. Already one local firm can show some good samples of the wartime Ulster-woven rayons and cottons, and an exhibition of the utility material is expected to be held in Belfast shortly. The Power Loom Manufacturers' Association, which has already had to set up a clearing-house for government work, has established a new department to deal with utility cloth.

Although, as stated by the Minister of Commerce and Production, it is essential that supplies of cotton and fibre sent to this area at present be devoted to the production of reasonably-priced utility fabrics, the opinion has been expressed by some members of the industry who have previously woven rayon material in Ulster that the trade should not be regarded merely as a wartime expedient but should be developed in the future, as synthetic fibre materials are coming into general use and, in the opinion of most textile experts, will continue in favour. It is stated that the long staple fibre can be spun and woven in

Ulster, while Lancashire can only handle the short staple, so that the Northern Ireland trade could fill the demand for heavier and more expensive cloths that cannot be supplied by the Lancashire mills. The weaving requires constant supervision and care, as dress material must be as nearly flawless as possible, but weavers in Ulster are experienced in producing dress linens for the American trade and are accustomed to weaving good quality cloth, so that the demands of "fibro" weaving should not present any great difficulties.

SUGAR INDUSTRY IN IRELAND

E. L. MCCOLL, CANADIAN TRADE COMMISSIONER

Dublin, June 12, 1942.—On April 28, 1942, the Government of Eire issued, under the Sugar (Control of Import) Act, 1936, the usual Sugar (Prohibition of Import) Order, 1942, which prohibits the importation, except under government licence, of sugar into Eire for the period May 1, 1942, to April 30, 1943. Sugar imported by parcel post for personal use is exempt from the provisions of this Order.

PRODUCTION

The only company licensed at present to bring in sugar is the Irish Sugar Company, Limited, of Dublin. This firm was organized in September, 1933, and the majority of the shares is held by the Government. In addition to its activities as an importer, the company operates four factories (the only ones in the country) for the production of sugar from locally grown beet. These are located at Carlow, Co. Carlow; Tuam, Co. Galway; Thurles, Co. Tipperary; and Mallow, Co. Cork.

The Irish Sugar Company, Limited, produces medium and fine sugar, all of which has a polarization of over 99°. Up to two years ago lump sugar was processed in small quantities but, as the demand was small, production was discontinued. The company does not make icing sugar. Two firms, one in Limerick and one in Dublin, grind ordinary sugar and sell it for icing purposes. The demand for this type is not extensive, and little, therefore, is manufactured, since it deteriorates in this climate if not disposed of fairly quickly. Sugar is sold from the Irish factories to the wholesalers at 39s. 4d. per cwt.

The normal sugar requirements of the country are roughly 110,000 tons per annum. Last year's output amounted to 95,000 tons, all of which was obtained from native beet. The average annual national production of sugar from beet for the five-year period ending 1941 was roughly 86,000 tons. In 1940-41 sugar was processed for the first time from raw cane sugar, to the extent of 70,000 tons, imported chiefly from Cuba, Peru, and the Dominican Republic. Before the outbreak of war Eire made up any shortage by purchases from the United Kingdom but, now that this source is cut off, it has to depend on the local beet crop for supplies.

CONTROL OF SUPPLIES

On account of the cessation of imports, sugar was rationed in Eire in August, 1941, the amount allowed each person being fixed at one pound per week. This allowance was later found to be excessive in proportion to supplies produced and it was therefore reduced to three-quarters of a pound per person in April, 1942. Both wholesale and retail sugar merchants must obtain licences from the Department of Supplies, Dublin, to deal in sugar. These licences entitle them to 60 per cent of their 1940 purchases. Manufacturers of jam, etc., still get 100 per cent of their 1940 requirements. No sugar is exported from this country.

Fruit-growers in Eire are allowed a certain amount of sugar for preserving purposes. Domestic supplies of sugar for jam-making were controlled for the

first time last year. The Irish Sugar Company issued the necessary permits to purchase in each case, but this year the Sugar Section of the Department of Supplies, Dublin, took over this matter, and it is probable that smaller quantities will be available for home preserving. This sugar will probably be issued at two different periods: one portion when the softer fruits are ripe (strawberries, raspberries, currants, etc.) and the other when apples, pears, plums, etc., are available.

PRICES

The pre-war basic price paid to farmers for beets was 37s. 6d. per ton, but this has risen since 1940 to 60s. per ton for beets having a sugar content of 17.5 per cent. For each one-tenth of 1 per cent of the sugar content above or below this amount 3d. per ton is added to or deducted from the basic price. The price per ton fixed for the 1942-43 beet crop is 70s. In order to assist farmers to cultivate sugar beet, the Sugar Company grants an advance of £6 per acre to any producer requiring financial assistance. This is payable in two parts, namely, £3 at time of sowing and £3 after the crop has been thinned out and is considered to be in good condition. When the crop is being sold to the sugar factories, this advance is deducted from the amount due the farmer.

It is estimated that one acre produces ten tons of sugar beet and that one ton of beet yields one-seventh of a ton of sugar.

The acreage under beet this season is estimated at 53,000 as compared with 73,000 for the previous year. The reduction in acreage is largely accounted for by the Government's campaign to grow more wheat and the lack of artificial manure (formerly imported), which is essential to the successful cultivation of beet of a high sugar content. It is feared that the yield per acre this year will be reduced owing to manurial shortage.

The production of sugar from beet in Eire is purely a seasonal industry, carried on for about three months (November, December and January). During the non-production period the factories are closed, with the exception of a skeleton staff to clean and prepare the plant for the following crop.

CUSTOMS DUTIES

Imports of sugar into Eire are dutiable at the same rate from all countries and are assessed on a sliding scale depending on degrees of polarization. Ordinary white sugar for domestic requirements of a polarization exceeding 98° is dutiable at 23s. 4d. per cwt. According to the current Eire tariff, the duties range from 11s. 2d. to 23s. 4d. per cwt. according to polarization. Raw sugar is also dutiable on a sliding scale, the duty on the 1940-41 imports of this commodity working out at roughly 15s per cwt. The Irish Sugar Company, Limited, pays a licence tax to the Eire Government of 1d. per cwt. on all imports.

OUTSTANDING SHIPMENTS TO TRINIDAD: NOTICE TO IMPORTERS

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, writes under date June 30, 1942, that the Secretary of the Trinidad Control Board has requested all local importers, other than oil companies, of merchandise (excluding foodstuffs) from United States and Canada to furnish the Control Board not later than July 31 with a summary of all outstanding orders, so that they may be allotted priority ratings on the limited shipping space available for Trinidad and Tobago.

The information requested of importers includes figures showing the gross weight and cubic measurement of the goods ordered and the approximate date when they will be ready for shipment. As this information must be obtained from exporters, local agents and importers have been requested to communicate with their overseas shippers by airmail.

BULK PURCHASING IN GRENADA

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, writes under date July 2, 1942, that according to a notice published in the Grenada Government *Gazette* of May 16, orders covering 1942 requirements in the following rubber products are to be collated for centralized purchase through the Colonial Supply Liaison Officer, Washington: Hose and tubing; belting; electrical and other hard-rubber goods; friction tape; packing; surgical and medical supplies; rubber thread; rubber boots and gloves; rubber insulated wire; any other essential rubber product, including rubber tires and tubes.

In the same issue it was also announced that from July 1 to December 31, 1942, requirements in the following semi-manufactured iron and steel supplies are to be purchased in bulk from the United States through the Colonial Supply Liaison Officer, Washington: Wire, plain and barbed; boiler tubes; bolts and nuts; piping and pipe fittings; plates; sheets; spikes, staples; nails; wire netting; wood screws; wire rope; tool steel.

TRADE OF NEW ZEALAND IN 1941: A CORRECTION

With reference to the report on the trade of New Zealand in 1941, published in *Commercial Intelligence Journal* No. 2005 (July 4, 1942), Mr. C. B. Birkett, Acting Trade Commissioner at Auckland, writes under date May 25 that the values of New Zealand's principal imports from Canada in 1939 as shown in the table on page 6 are in error. Corrected figures have now been supplied as follows:—

Principal Imports into New Zealand from Canada

	1941	1940	1939
Fish, tinned	£ 15,810	£ 66,074	£103,488
Maizena and cornflour	21,896	30,063	962
Wood-pulp and paper-pulp	50,426	21,010	.....
Hats, caps and millinery	22,981	39,955	33,967
Gumboots	90,851	60,385	76,556
Cotton and linen, woven	33,260	12,758	14,101
Brass in bars and rods	4,260	2,950	.....
Bolts and nuts	15,718	5,571	12,211
Copper plate and sheet	41,341	48,080	27,149
Cordage of metal	62,180	1,630	12,608
Pins and needles	11,749	6,096	2,546
Copper tubing	37,640	30,669	28,599
Artificers' tools	47,044	49,979	56,241
Wire fencing	24,872	80,544	9,331
Iron wire, other than fencing	186,237	249,319	51,420
Agricultural machinery	45,269	39,036	34,522
Calculating machines and cash registers	11,926	23,748	26,459
Electric motors	16,193	44,606	39,586
Electric apparatus	99,696	51,694	112,081
Sparkling plugs	27,602	29,370	28,697
Insulators and fittings	14,856	26,150	49,250
Rubber belts and belting	38,068	42,476	32,953
Rubber hose, tubing and piping	12,569	6,479	10,625
Douglas fir, rough sawn	24,193	23,800	41,302
Veneers and plywood	17,406	17,616	19,550
Cardboard and wallboard	57,275	35,858	68,509
Newsprint	202,395	403,811	347,305
Printing paper	48,524	29,856	11,371
Vegetable parchment	33,272	3,268	.....
Wrapping paper	29,935	34,379	29,880
Paper, other kinds, large sizes	15,997	24,397	14,559
Surgeons', etc., appliances	27,526	10,816	6,846
Calcium carbide	19,381	26,193	18,144
Cream of tartar substitute	54,030	.....	.....
Disinfectants and weed-killers	10,469	7,198	5,211

NATIONAL EMERGENCY REGULATIONS IN SOUTH AFRICA

Mr. J. C. Macgillivray, Canadian Trade Commissioner at Cape Town writes under date May 19, 1942, that by virtue of a proclamation based on the War Measures Act and gazetted on May 15, the South African Government gives the Director-General of War Supplies authority to conscript persons, services and industries which may be needed for the efficient carrying on of the war effort.

The Proclamation reads as follows:—

"If any person is capable of supplying any goods or service, or is capable of manufacturing, processing or treating any goods which are needed for the efficient carrying on of the war, the Director-General may order that person to supply such services or to manufacture, process or treat a specified quantity or number of such goods and to deliver them within a specified period at a specified place, or to sell and to deliver a specified quantity or number of such goods within a specified period at a specified place, as the case may be."

It is further provided that any person who has received an order as specified in the foregoing shall be deemed to be capable of performing the act which he is ordered to perform unless he proves that he is not so capable.

Provision is made as regards remuneration and penalties for non-compliance.

REDUCTION OF CORN ACREAGE IN ARGENTINA

W. B. McCULLOUGH, ASSISTANT COMMERCIAL ATTACHÉ

Buenos Aires, June 9, 1942.—Corn is the principal grain grown in Argentina and in the past three years three bumper crops have been produced. The aggregate production for these three years was 1,178,000,000 bushels whereas total exports for the last three corn-crop years, ending April 1, 1942, was only 189,000,000 bushels. Therefore Argentina has been able to export only about 15 per cent of its corn production as compared with 80 per cent in normal times. The unsold surplus has been used to some extent as fuel, but the bulk of it has been left to rot on the farms. The present corn surplus amounts to some 630,000,000 bushels, and only 1,800,000 bushels were exported during the first four months of 1942. In addition to the large amount of unsalable corn, Argentina has an export surplus of some 221,000,000 bushels of wheat and 76,000,000 bushels of linseed.

The Argentine Government, through the Grain Regulating Board, has been purchasing this corn from the producers under the guaranteed minimum price policy since 1933. No positive official action was taken towards reducing the acreage planted to corn, although the low guaranteed price to producers was largely instrumental in reducing the area planted from 17,784,000 acres in 1939-40 to 12,597,000 acres for the crop lately harvested, until a series of decrees were issued on May 13, 1942, in connection with fixing the guaranteed price and conditions of payment for the 1941-42 crop.

Subsequently the Argentine Government announced that its losses on corn in 1941 were 200 million pesos (\$66,000,000 Canadian) and estimated the losses under the present plan for 1942 at 120 million pesos (\$40,000,000), adding that the 1943 losses would be substantially reduced again and that producers could not expect any subsidy for corn in 1944.

PURCHASE OF THE 1941-42 CORN CROP

A series of decrees were issued on May 13, setting forth the Government's plan for the purchase of the 1941-42 corn crop. The basic price to be paid for shelled corn suitably stored on farms is the equivalent of 4.40 pesos per 100 kilos

(approximately 36.4 cents Canadian per bushel), or 7.3 per cent below last year's guaranteed price on rail car at dockside in Buenos Aires less a minimum of 50 pesos inland freight. The purchase from landlords of corn received from share farmers as rent will be made at 11.6 per cent below the basic price. The Government will not purchase corn grown on land rented for cash unless the landlord agrees to reduce the rental in accordance with the present guaranteed price to the producer. If growers still have on their farms stocks of old corn which the Board have been unable to dispose of, they must agree to re-purchase their stocks from the Grain Board at a price fixed at 5 per cent of the present basic price. The Grain Board will not purchase the entire crop as in former years. The purchases will be effected, taking into account the area harvested, on the basis of the following reductions: 173 to 247 acres, less 5 per cent; 248 to 370 acres, less 10 per cent; 371 to 618 acres, less 15 per cent; 619 to 988 acres, less 25 per cent; 989 to 1,235 acres, less 40 per cent.

The Board will not purchase from growers who have planted an area to corn of more than 1,235 acres. Within sixty days from the date the price is fixed, growers will have the option of repurchasing their crop at 11.5 per cent of the basic price; notification that the option will be exercised should be made within 30 days. The Government will not buy from individuals if it is considered, on advice from the Bank of the Nation, which finances the official crop purchases, that the individual's production can be taken care of by himself.

The Bank of the Nation will advance to the sellers, for the account of the Grain Board, 90 per cent of the value of the corn purchased by them. Corn will not be purchased from individuals who will not agree to arbitrate central contracts.

The first official intimation that the Government will not go on buying each year surplus crops on a minimum price basis refers to the 1942-43 corn crop and was announced before the sowing of 1942-43 crop commenced. Should the Government decide to purchase the corn crop next year, purchases will be limited to 60 per cent of the amount acquired this year, and the reduced areas cannot be used for wheat, linseed or sunflower seed.

CORN USED AS FUEL

Owing to the shortage of coal and fuel oil in Argentina, there has been a noteworthy increase in the use of corn, and to some extent barley, for fuel by many industrial establishments. The Argentine Electric Co. report that they burned 8,221,322 bushels in 1941. Their consumption has increased this year and it is estimated that this company alone will burn nearly 20,000,000 bushels in 1942. The meat-packing plants have been using quantities of corn as fuel; one at La Plata reports that it has been using corn and barley exclusively for this purpose. It is also being used to a large extent in heating apartment houses, and it is reported that Uruguay is purchasing quantities of Argentine corn for use as fuel.

DIVERSIFICATION PROGRAM

A decree issued simultaneously with those providing for the purchase of the 1941-42 corn crop, outlines a program for a state-financed land settlement scheme in the corn belt to encourage mixed farming, with particular emphasis on live-stock raising on land formerly planted to corn.

This program will be administered by the newly formed National Agrarian Council, a government organization with broad powers to make loans to farmers for the purchase of land in the corn belt and to purchase cattle, pigs, poultry and farm equipment. On land thus acquired the farmer is prohibited from growing wheat, corn, linseed or sunflowers without previous authorization from the National Agrarian Council.

Expenditure of a sum equivalent of \$32,590,000 has been authorized to assist farmers in changing over from corn to mixed farming. Of this amount the equivalent of \$9,777,000 has been made available to the Agrarian Council for this year, and the remainder is to be made available to the Council at the rate of \$3,259,000 each year for seven years beginning with 1943.

The details of the program have not yet been announced, but under a tentative arrangement the National Agrarian Council will make loans to farmers applying for it for the purpose of buying live stock or farm equipment up to 4.1 cents (Canadian) per bushel on corn from the 1941-42 harvest sold to the Grain Regulating Board, co-ordinating these loans with the special loans granted by the Grain Board. Loans to the small farmers may be increased up to 5.8 cents (Canadian) per bushel.

For several months the live-stock market has been firm. During the past three weeks the price level has reached a new high for cows. This is due to the general firm market for beef and an increased demand for canner-type cattle. Producers have been selling off this type of animal at good prices, resulting in a shortage of the cheaper breeding cattle. Therefore, if they are obtainable, breeding cattle will command higher prices, which will tend to retard the diversion of farmers to cattle-raising under the proposed plan.

Present contracts between tenant farmers and landlords in the grain zones limit the number of live stock that each tenant may keep on rented land. Some provision must be made in the proposed program to correct this situation.

SWINE PRODUCTION PROJECT

The Ministry of Agriculture had recognized the value of swine production as a means of reducing the stocks of surplus corn. It is expected that, following an increase in the number of swine raised by small farmers, the consumption of pork, particularly bacon and ham, will increase among the farmers themselves and in the inland country towns.

This project will be effected through the Bank of the Nation by the granting of two special types of rural loans. One of these provides for a maximum equivalent of \$333 to farmers who rent or own their small holdings to enable them to purchase breeding stock, comprising a few cows, pigs and poultry, as well as seeds for vegetable growing. The other type of loan is for the farmer who has a small amount of capital. This is limited to \$1,665 for the purchase of breeding stock or vegetable seeds, which will enable him to eventually change from grain-growing to mixed farming.

The underlying object of the colonization programs is to substantially reduce the amounts the Government annually expends for the purchase of unsalable crops and to direct production efforts towards other activities through loans and the assistance of special organizations.

SUMMARY OF LOSSES ON CROP PURCHASES

It is reported officially that losses equivalent to \$73,800,000 have been incurred by the Government in financing grain purchases from the 1938-39 crop to April 30, 1942. Of this amount, \$66,000,000 is made up of losses on the corn crops in 1940 and 1941. In addition, the sum of \$53,600,000 is still invested in corn from the 1941 crop. There is little prospect of salvaging much of this grain except some to be used as fuel, and eventually the greater part of the purchase price will likely be added to the deficit already recorded. On the 1942 crop, just harvested, the Government estimates that its loss will be some \$40,000,000. Next year, under the current plan in respect to corn purchases, the loss is expected to be substantially reduced, and for 1944 the Government will not accept any responsibility in respect of corn.

In addition to the deficit of \$66,000,000 on the corn crops, there is a net loss of \$15,200,000 on wheat, and one of \$7,400,000 on barley. Against these amounts there were profits of \$14,200,000 on flaxseed and \$1,200,000 on sunflower seed. The Argentine Government raised the export price of flaxseed last December to an artificial level that was approximately double the price paid to producers. The difference is a profit to the Government.

On April 30, 1942, the Government had a total of \$252,500,000 (valued at cost) invested in stocks of grain. Of this amount, \$148,000,000 represents purchases of wheat from the crops harvested in the years 1939-40 to 1941-42 inclusive, but approximately \$118,700,000 is invested in the 1941-42 crop.

The following table shows the profit and loss realized and the amounts invested in grain stocks by the Bank of the Nation:—

Balance Sheet of Crop Purchases Program

	Profit+ or Loss— to Apr. 30, 1942 Values in Canadian Dollars	Stocks held at Cost on Apr. 30, 1942 Values in Canadian Dollars
Corn—		
1940 crop	—51,600,000	.....
1941 crop	—15,000,000	52,600,000
Wheat—		
1938-39 crop	—32,300,000	.....
1939-40-41 crops	+16,600,000	30,000,000
1941-42 crop	+ 500,000	118,700,000
Flaxseed—		
1939-40-41 crops	+14,200,000	20,800,000
1941-42 crop . . . . .	.....	30,600,000
Barley—		
1940-41 crop	— 7,400,000	.....
Sunflower seed—		
1940-41 crop	+ 1,200,000	.....
Total for crops since 1938-39	—73,800,000	252,500,000

OFFICE OF DISTRIBUTION ESTABLISHED IN TURKEY

Mr. C. S. Burrill, office of the Canadian Trade Commissioner at Cairo, forwarded under date June 20 the following extract from the Monthly Journal of the British Chamber of Commerce:—

“An Office of Distribution, which is charged with the supply of all goods required by the public, has been created by a decree of the Committee of Co-ordination, and commenced its operation on March 25, 1942. It will have at its disposal a capital of £T10 millions and will depend directly on the Ministry of Commerce. This initial capital may be increased by a decision of the Council of Ministers.

“The principal task of the Office will be to control alimentary and other products necessary to the public or for national defence and to distribute these throughout the country through its branches or through agents whom it is authorized to appoint.

“This Office, it is pointed out, will not compete with merchants but will, on the contrary, collaborate with them and even appoint them in certain cases as its representatives.”

CONTROL OF EXPORTS: REGULATIONS AMENDED

By Export Permit Branch Order No. 39, effective July 10, 1942, communication and power transmission poles of red cedar, included in Group 4 (Wood, Wood Products and Paper), are exempt from requiring an export permit when shipped from Canada to any part of the British Empire or to the United States.

TARIFF CHANGES AND TRADE REGULATIONS

United Kingdom

IMPORT LICENSING POSITION AS AT JUNE 9, 1942

The Import Licensing Department of the Board of Trade has issued Notice to Importers No. 152, showing the import licensing position in the United Kingdom as at June 9, 1942. The Notice, which consolidates information in previous Notices to Importers (except No. 127A, relating to gifts, and No. 132A, relating to transit and transshipment goods), reads as follows:—

As from June 9, 1942, all goods except live quadruped animals and the goods shown in Appendices I, II and III of the Notice will require separate licences. It should be noted that Appendix I no longer includes unexposed cinematograph film and that Appendix II no longer includes beeswax.

1. *Scope of Control.*—Under the Import of Goods (Control) Order, 1940, which came into force on June 10, 1940, no goods (except live quadruped animals) may be imported into the United Kingdom except under the authority of a licence granted by the Board of Trade.

(*Note.*—Control by licence is applied also to goods imported into the United Kingdom which are entered with Customs as in transit or for transshipment. Further information is given on this point in Notice to Importers No. 132A.)

2. *Open General Licence.*—A separate licence is not required for any goods covered by an Open General Licence issued by the Board of Trade, but that licence does not authorize or permit the importation of any goods for exportation after transit through the United Kingdom or by way of transshipment. An Open General Licence has been issued in respect of:—

- (a) Goods shown in Appendix I consigned from any country
- (b) Goods shown in Appendix II which are consigned from (i) any part of the British Empire, subject to the condition, except as respects Palestine and Transjordan, that a claim to Imperial preference is established in respect of any duty of Customs to which the goods as a whole may be liable on importation into the United Kingdom; (ii) French Equatorial Africa, French Cameroons, French Possessions in India or French Possessions in the Pacific; and (iii) Belgian Congo and Ruanda-Urundi.
- (c) Goods shown in Appendix III consigned from Eire.

Arrangements covering (a) and (b) are already in force; new arrangements covering (c) come into force on June 9, 1942.

3. *Applications for Licences.*—Applications for licences should in general be addressed to the Import Licensing Department, 1-6 Tavistock Square, London, W.C.1, or as before to the Ministry of Supply Controls in respect of certain raw materials, to the Ministry of Food in respect of foodstuffs and certain essential oils and to certain other Government Departments in respect of certain other goods. If an importer is in any doubt he should address his application to the Import Licensing Department.

The Order applies also to goods sent by post, and where the importer desires to import by this means he must make special reference to this on his application form.

Forms of application may be obtained from the Import Licensing Department or from any of the offices of Collectors of H.M. Customs and Excise.

4. *Payments for Imports.*—The issue of an import licence in no way implies that the licence holder is likely to receive permission to make payment otherwise than (a) in the currency of the country of origin of the goods to be imported, or (b) in sterling payable to that country in the manner prescribed by the Exchange Control. Importers who require to make payment in any other way should explain their reasons when applying for an import licence. If they fail to do this, they may find that the Banks have no authority to make an exception to the general rule.

5. *Shipment in Anticipation of Licence.*—Importers are warned that they should not arrange to ship any goods to the United Kingdom until they have obtained a licence or have ascertained definitely that a licence will be granted or that a separate licence is not required.

6. *Shipping Advices.*—Importers in this country sometimes receive telegrams, en clair, from overseas, giving the names, sailing dates and ports of shipment of steamers carrying goods destined for British ports.

Although exporters overseas who send these telegrams do so in all innocence, it will be obvious to British people that their transmission may cause danger to shipping. *All importers are, therefore, urgently requested to arrange with their overseas suppliers, agents or shippers that the names of steamers must never be coupled with dates of sailing or with ports of shipment in cables or telegrams.*

7. *Shipping Space.*—Importers are reminded that the grant of an import licence is not a guarantee that shipping space will be provided.

8. *Losses in Transit.*—Importers should in all cases inform the Import Licensing Department whenever goods dispatched to them from abroad which are covered by licences have been lost in transit to this country. The Department will then give consideration to the question whether permission may be given for the importation of further goods to replace those lost.

9. *Gift Parcels.*—Except for arms and ammunition, plumage, and postage stamps and other articles of philatelic interest licences will not be required to import bona fide unsolicited gifts sent to individuals by parcel post, provided that no parcel exceeds 5 pounds gross weight or contains more than 2 pounds of any one foodstuff. Parcels must be clearly marked as gifts and cannot be received at frequent intervals. (Further information is given on this point in Notice to Importers No. 127A*.)

10. *Changes in Regulations.*—The attention of importers is directed to the fact that Import Licensing regulations, and the list of goods which may be imported under Open General Licence, are subject to alteration; the position set out in this Notice is a summary of the regulations in force on the 9th June, 1942. Changes are announced in Notices to Importers issued from time to time by the Import Licensing Department.

APPENDIX I

Fish, fresh (other than frozen) except salmon.

Shellfish, fresh or boiled (not being in airtight containers), the following: prawns, shrimps, winkles, mussels, cockles.

Animal ivory, raw, whether whole tusks or sections of tusks, not cut to shape or in any way prepared, treated or worked.

Bauxite.

Books, printed, and other printed matter for reading purposes, music, catalogues, trade lists, advertising material, manuscripts, typescripts and like products of duplicating machines, imported as a single copy through the post.

Coal.

Coke and manufactured solid fuel.

Cryolite, natural and synthetic.

Designs, architectural or engineering.

Film, cinematograph, exposed.

Gold ores, concentrates and residues.

Gold bullion.

Gold coin.

Hydrographic charts.

Maps and plans.

Newspapers.

Press photographs.

Tin ores, concentrates and residues.

Pigeons (live), imported under Air Ministry Licence.

APPENDIX II

Crude cobalt—iron—copper alloy.

Jute, raw.

Kyanite.

Mica, slabs, splittings, ground and waste.

Monazite sand.

Nickel ores, concentrates, residues and matte.

Precious and semi-precious stones and pearls, not drilled, mounted or set, excluding cut diamonds.

* Notice 127A is a re-write of Notice 127, dated May 21, 1941, which was incorporated in a gift memorandum of October 21, 1941, distributed by the Department of Trade and Commerce, Ottawa.

Sillimanite.
Tin, in blocks, ingots, bars and slabs.
Vegetable fibres of the following varieties, not further dressed after scutching or decortivating: Bahia piassava (*attalea funifera*), Para piassava (*Leopoldinia piassaba*), African piassava (*raphia vinifera*, *raphia gaertneri*), Gumati or Gomuti fibre (*arenga saccharifera*).

APPENDIX III

(Goods from Eire admitted under Open General Licence).

Australia.

SOME IMPORT RESTRICTIONS MADE MORE FLEXIBLE

Mr. L. M. Cosgrave, Canadian Trade Commissioner at Sydney, has cabled that, effective July 8, an extensive list of imports were removed from quota licensing and placed under administration. Timber, chemicals, and certain classes of paper are included in this change. The descriptions of timber affected include undressed hemlock and spruce of sizes 7 inches by 2½ inches (or its equivalent) and upwards. Importations of goods "under administration" are not regulated by fixed quotas, but each application for a licence to import such commodities is considered on its merits by the Division of Import Procurement, Department of Trade and Customs.

Jamaica

TARIFF DUTIES CHANGED

Mr. F. W. Fraser, Canadian Trade Commissioner at Kingston, reports that on July 9 the Legislative Council of that Colony passed a resolution altering the customs duties on cotton and rayon piece-goods and on milk churns, cans and pails imported by the local condensary. The new rates, with former rates shown within parentheses, are as follows:—

	British Preferential Tariff	General Tariff
Piece-goods, wholly made of cotton of a value:		
(a) not exceeding 1s. 5d. per square yardad val.	10% (12½%)	20% (22½%)
(b) exceeding 1s. 6d. per square yardad val.	30% (12½%)	45% (22½%)
Piece-goods, wholly made of artificial silk or rayon or of any mixture of cotton and artificial silk or rayon, of a value:		
(a) not exceeding 1s. 6d. per square yardad val.	15% (30%)	25% (45% or 6d. per sq. yd., if higher)
(b) exceeding 1s. 6d. per square yardad val.	30% (30%)	45% (45% or 6d. per sq. yd., if higher)
Milk churns, cans and pails imported by Jamaica Milk Products, Limited	Free (Free)	Free (5% ad val.)

Trinidad

DUTIES REDUCED ON FOOTWEAR AND APPAREL

A resolution of the Trinidad Legislative Council of May 13, 1942, reduced the British preferential tariff on boots and shoes wholly or partly of rubber from \$1.60 to 12 cents per dozen pairs and the general tariff from \$4.80 to \$3 per dozen pairs. At the same time the minimum general tariff rate of 12 cents each on shorts and vests (men's underwear) was cancelled. The ad valorem rates on shorts and vests remain 10 per cent British preferential tariff and 20 per cent general tariff. Canadian and Empire goods are dutiable under the preferential tariff.

IMPORT LICENCES RESTRICTED TO ESSENTIAL PRODUCTS

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, writes under date July 11, 1942, that a notice published by the Trinidad Control Board in the Trinidad *Royal Gazette* under date July 4 advises that, with regard to

products other than foodstuffs and items already under quota, import licences will be granted for essential articles only. These licences will be issued on the basis of average imports during the years 1938 and 1939. This action has become necessary in order to conserve shipping space.

South Africa

IMPORT CONTROL REGULATIONS

Mr. J. C. Macgillivray, Canadian Trade Commissioner at Cape Town, writes under date May 18, 1942, that effective on that date certain amendments have been made with respect to the application of the existing import regulations in the Union of South Africa. (See *Commercial Intelligence Journal* Nos. 1964 and 1965: September 20 and 27, 1941.) Hitherto all applications for import permits have been directed to the Controller of Imports. It is now prescribed that applications for all goods subject to control be sent direct to the respective Controllers of these goods. Commodities subject to control are: agricultural machinery, implements and spares; building materials; iron and steel; machine tools and tool steels; motor vehicles and spare parts; non-ferrous metals, including tinsplate; paper, including newsprint and paper products; rubber; soap and oils, including glycerine, glycol, fats (other than butter) and wax.

The same action must now be taken in the case of applications for permits covering commodities for which advisory committees have been appointed. These are: ball and roller bearings; fertilizers and sulphur; timber; and agricultural requirements other than machinery, implements and spares.

In the case of requirements for the gold and coal mining industry, applications must go to the Gold Producers' Committee in Johannesburg. The Controller of Priorities, Director General of War Supplies, will deal with all Defence Department and war supplies applications, and the Chief Stores Superintendent, South African Railways and Harbours, with applications for goods needed by that organization. As regards other government departments, applications must be directed to the secretaries concerned, while the Iron and Steel Corporation, Pretoria, is empowered to deal direct with applications in respect to its own requirements.

Certificates of essentiality will be issued ordinarily for the following goods to be imported for general sale:—

Abrasives and stones, tool grinders; acid, tartaric; antitoxins; apothecary ware; apparatus for destruction of agricultural pests; apparatus, laboratory; artificial limbs, teeth and eyes; axes and axe handles; bags, hessian, for grain, coal, wool, sugar and vegetables; bags, hessian, for wattle extract and bark; bags, paper; bacterial cultures; batteries, electrical; bells, cycle; bicycles and parts thereof; blankets and blanketing; bolts, nuts and rivets; bone meal; bottles for canning; bottles, ordinary; boxes, wooden, for agriculture, dairy and industrial purposes; bran; brassieres; brushes, hair, tooth and shaving; buckles for wearing apparel; bulbs and plants; buttons, hooks and eyes; cans, milk; cans, oil; caps, cheese; cardboard and fibreboard; cardboard boxes; carriages, carts, wagons (and metal spare parts for these); cartons for essential foodstuffs; cash registers, spare parts therefor; caustic soda; chains, trek and trace; cheese bandages; chicory; chinaware, laboratory; churns, wooden; clippers, hair; clips, baling; cloth, seed bed; ready-made clothing; new jackets, vests and trousers, other than knitted, for men, not including oilskin clothing; waterproof overcoats; knitted underwear, not including shirts; ladies' ready-made dresses and frocks; second-hand overcoats; cocoa beans; cod liver oil and malt; coffee and coffee beans; combs, hair; conduit tubing; containers, wax, for milk or cream, and essential foodstuffs; corks; corsets; cotton wool; cotton and wool twists, threads and yarns for sewing, knitting, embroidery and crochet; crockery, essential household; cutlery; dental instruments; dressings, surgical; drugs; duplicating machines and spares therefor; earthenware, essential household crockery; earthenware, laboratory; elastic; electric batteries (household), fittings and flex; electric bulbs, fluorescent tubes; electric lamps; electric lighting plant (farm); enamelware, essential household; engines, oil, petrol, electric; extracts, glandular; eyeglasses and spectacles; fasteners, separable slide (zip); feeding bottles, nipples and valves; fencing material; fire-

fighting appliances; first aid equipment; flour and meal, wheaten; foods, diabetics' and infants'; foodstuffs essential for ships' stores, imported in bond; fuel oil; galvanized iron; garage equipment; ghee; glass for windows; glass and glassware, essential household and laboratory; gloves, essential, industrial; greases, lubricating; haberdashery; handles, wooden, for shovels, picks, spades, forks and axes; handkerchiefs, plain; hatchets, spades, hoes, shovels, axes and handles; hinges and handles, door; hosiery, cotton and wool; implements, agricultural; instruments, optical; insulin; jaconet (waterproof cloth for poulticing); kaffir sheets and sheeting; kapok; kitchen utensils, hardware; lamps and lampware; lamp chimneys; linseed oil, raw or boiled; lucerne; lymph; machines, road, and spares therefor; machines industrial, not specifically provided for; machines and spares for accounting, adding, addressing, calculating, duplicating, sewing, washing, mincing and similar essential kitchen machines; medicinal preparations; motor lorries, commercial and industrial; spares for motor lorries; spares for passenger motor vehicles; spares for motor cycles; nails, screws and washers; needles, sewing and knitting; oat hay; oats; oilcake; oils, lubricating; oils, marine; paper, blotting, carbon, greaseproof, newsprint, sensitized, tissue (for wrapping purposes), tracing, wrapping (kraft), and waxed (for wrapping purposes); paraffin, petroleum; piece-goods of cotton, linen, rayon, and wool; pipes, water; preservatives, e.g. saltpetre; preventives; pumps and cylinders; putty; razors and razor blades; refrigerants; refrigerator spares; rice; ropes and wire ropes; saltpetre; sanitary towels and tissues; sausage casings; seeds, agricultural; separators, dairy; shawls, wool, cotton and woven; sheeting, household; shoe laces; sisal; scissors; solder and soldering fluid; stapling machines, wire refills therefor; stencil sheets; stirrup pumps; stoves, ranges, electrical and other; studs; surgical dressings; tacks; tea; tinware, essential; tools, mechanics' and artisans'; towels, towelling; traps, mole, mouse and rat; twine, seaming and binding; typewriter spares; typewriter ribbons and carbon paper; tires and tubes; vaccines; vats and taps, wooden; vehicles, non-power driven, and parts therefor; watch spares; windmills and parts therefor; wire, binding and baling; wire, stapling and stitching; wireless valves and wireless spares.

Commodities imported for specific purposes may be given better ratings than are applicable to "general sale" items.

As previously reported (see *Commercial Intelligence Journal* No. 1997: May 9, 1942) no applications for import permits for goods for which certificates of essentiality are not issued will be granted in respect of importations from the United States and Canada.

No alteration is made in the list of commodities exempted from import control; this is as follows:—

1. Goods imported from Basutoland, Swaziland or the Bechuanaland Protectorate.
2. Samples of no commercial value.
3. Printed books, catalogues, periodicals, newspapers and advertising matter, but excluding over-issues and used magazines and periodicals imported in bulk.
4. Paper patterns.
5. Cut flowers.
6. Flower bulbs.
7. Flower seeds.
8. Motion-picture films.
9. Fresh fish imported from Lourenco Marques.
10. Goods imported for repair and return.
11. Containers previously exported and subsequently imported empty.
12. Used empty bottles landed from ships at ports in the Union of South Africa or the Mandated Territory of South-West Africa.

Newfoundland

MAXIMUM PRICE FIXED FOR SUGAR

An Order issued by the Commissioner for Public Health and Welfare in Newfoundland on June 23, under the Defence (Price of Goods) Regulations, 1941, established maximum prices for white sugar at \$10.50 per sack of 100 pounds when sold in quantities of one or more sacks, and at 12 cents per pound when sold in quantities of less than one sack.

EXCHANGE CONDITIONS IN CUBA, HAITI, DOMINICAN REPUBLIC, PUERTO RICO AND THE UNITED STATES VIRGIN ISLANDS

C. S. BISSETT, CANADIAN TRADE COMMISSIONER

Havana, July 1, 1942.—In none of the above-listed countries are there any official exchange restrictions in force at present that might affect the collection of bills drawn on importers therein by persons abroad. Foreign exchange requirements are readily available for shipments from Canada.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING JULY 13, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, July 13, 1942, and for the week ending Monday, July 6, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending July 6	Nominal Quotations in Montreal Week ending July 13	Official Bank Rate
Great Britain	Pound	4.8666			
		Buying	\$4.4300	\$4.4300	2
		Selling	4.4700	4.4700	—
United States	Dollar	1.0000			
		Buying	1.1000	1.1000	1
		Selling	1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
		Bid	4.4200	4.4200	—
		Offer	4.4800	4.4800	—
Other British West Indies	Dollar	1.0138	.9313	.9313	—
Argentina	Peso (Paper)	.4245			
		Official	.3304	.3304	3½
		Free	.2613	.2621	—
Brazil	Milreis (Paper)	.1196			
		Official	.0673	.0673	—
		Free	.0571	.0571	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
		Official	.0573	.0573	3-4½
		Export	.0444	.0444	—
Colombia	Peso	.9733	.6325	.6325	4
Venezuela	Bolivar	.1930			
		Official	.3313	.3313	—
		Free	.3324	.3324	—
Uruguay	Peso	1.0342			
		Controlled	.7307	.7307	—
		Uncontrolled	.5854	.5854	—
South Africa	Pound	4.8666			
		Bid	4.3862	4.3862	3
		Offer	4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
		Bid	4.5380	4.5380	—
		Offer	4.5906	4.5906	—
India	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
		Bid	3.5300	3.5300	3
		Offer	3.5760	3.5760	—
New Zealand	Pound	4.8666			
		Bid	3.5440	3.5440	1½
		Offer	3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

C. H. PAYNE, Director

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Melbourne: **FREDERICK PALMER**, 44 Queen Street, Melbourne, C.1. (Territory includes States of Victoria, South Australia, Western Australia, and Tasmania.) *Cable address, Canadian.*

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L. S. GLASS, Commercial Attaché. Address for letters—Caixa Postal 2164, Rio de Janeiro. Office—Ed. "Brasilia," Sala 1110, Av. Rio Branco 311. *Cable address, Canadian.*

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British West Indies

Trinidad: **G. A. NEWMAN**. Address for letters—P.O. Box 125, Port of Spain. Office—Colonial Life Insurance Building. (Territory includes Barbados, Windward and Leeward Islands, and British Guiana.) *Cable address, Canadian.*

Jamaica: **F. W. FRASER**, P.O. Box 225, Kingston. Office—Canadian Bank of Commerce Chambers. (Territory includes the Bahamas and British Honduras.) *Cable address, Canadian.*

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M. J. VECHSLER. Address for letters—Casilla 771, Santiago. (Territory includes Bolivia.) *Cable address, Canadian.*

Cuba

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Egypt

Acting Trade Commissioner. Address for letters—P.O. Box 1770, Cairo. Office—22 Shari Kasr el Nil, Cairo. (Territory includes the Sudan, Palestine, Cyprus, Iraq, Syria, Iran and Turkey.) *Cable address, Canadian.*

Ireland

E. L. MCCOLL, 66 Upper O'Connell Street, Dublin, Ireland (*cable address, Canadian*); and 36 Victoria Square, Belfast, Northern Ireland.

Mexico

Acting Trade Commissioner. Address for letters—Apartado Num. 126-Bis, Mexico City. Office—Edificio Banco de Londres y Mexico, Num. 30, Mexico City. (Territory includes Guatemala, Honduras, and Salvador.) *Cable address, Canadian.*

Newfoundland

R. P. BOWER, Acting Trade Commissioner, Circular Road, St. John's.

CANADIAN GOVERNMENT TRADE COMMISSIONERS—*Con.*

New Zealand

C. B. BIRKETT, Acting Trade Commissioner. Address for letters—P.O. Box 33, Auckland. Office—Yorkshire House, Shortland Street, Auckland. (Territory includes Fiji and Western Samoa.) *Cable address, Canadian.*

Panama

H. W. BRIGHTON. Address for letters—P.O. Box 222, Panama City. Office—98 Central Avenue, Panama City. (Territory includes the Canal Zone, Venezuela, Colombia, Nicaragua, Costa Rica, and the Netherlands West Indies). *Cable address, Canadian.*

Peru

W. G. STARK, Acting Trade Commissioner. Address for letters—Casilla 1212, Lima. Office—Edificio Boza, Carabaya 831, Plaza San Martin, Lima. (Territory includes Ecuador.) *Cable address, Canadian.*

South Africa

Cape Town: J. C. MACGILLIVRAY. Address for letters—P.O. Box 683. Office—New South African Mutual Buildings, 21 Parliament Street. (Territory includes Cape Province and Southwest Africa, Natal, Tanganyika, Kenya, Uganda, Mauritius, Madagascar and Angola.) *Cable address, Cantracom.*

Johannesburg: H. L. BROWN, Acting Trade Commissioner. Address for letters—P.O. Box 715. Mutual Buildings, Harrison Street. (Territory includes Transvaal, Orange Free State, the Rhodesias, Mozambique or Portuguese East Africa, Nyasaland and the Belgian Congo.) *Cable address, Cantracom.*

United Kingdom

London: FREDERIC HUDD, Chief Trade Commissioner in the United Kingdom, Canada House, Trafalgar Square, S.W.1. *Cable address, Sleighing, London.*

London: J. A. LANGLEY, Trade Commissioner, Canada House, Trafalgar Square, S.W.1. (Territory includes Home Counties, Southeastern Counties, and East Anglia; also British West Africa.) *Cable address, Sleighing, London.*

London: W. B. GORNALL, Fruit Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Canfrucum.*

London: G. R. PATERSON, Animal Products Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Agrilson.*

Liverpool: A. E. BRYAN, Martins Bank Building, Water Street. (Territory includes North of England, Lincolnshire, North Midlands, and North Wales.) *Cable address, Canadian.*

Bristol: JAMES CORMACK, Northcliffe House, Colston Avenue. (Territory includes West of England, South Wales, and South Midlands.) *Cable address, Canadian.*

Glasgow: G. B. JOHNSON, 200 St. Vincent Street. (Territory covers Scotland.) *Cable address, Cantracom.*

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Washington: H. A. SCOTT, Commercial Attaché. Office—Canadian Legation.

New York City: D. S. COLE, British Empire Building, Rockefeller Center. (Territory includes Bermuda.) *Cable address, Cantracom.*

Chicago: M. B. PALMER, Tribune Tower, 435 North Michigan Avenue. *Cable address, Canadian.*

Los Angeles: Acting Trade Commissioner, Associated Realty Building, 510 West Sixth Street. *Cable address, Canadian.*

Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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USE OF PEAT MOSS IN THE UNITED STATES

D. S. COLE, CANADIAN TRADE COMMISSIONER

New York, June 23, 1942.—Although there are extensive peat deposits in the United States, many of them are not workable, due to the inferiority of the peat, while others are difficult to operate because of unfavourable climatic conditions. Consequently, to meet the increased demand for peat moss during the past ten years, this country found it necessary to obtain most of its requirements from European sources. About 4 per cent of the demand was supplied from Canada. Following the outbreak of war and the loss of the European sources of supply, United States importers turned to Canada for as much of her production as they could possibly obtain. This greater demand for Canadian peat moss will probably be maintained for the duration of the war. However, it is impossible to forecast what the post-war market outlook will be for the Canadian product in the United States.

DOMESTIC PRODUCTION

According to the "Minerals Year Book 1940", issued by the United States Bureau of Mines, total production of peat in the United States in 1939 was 55,483 short tons valued at \$326,066. This was an increase of 21 per cent in quantity

and 27 per cent in value over the 1938 production of 45,933 tons (\$286,127). The average per-ton value at the plant in 1939 was \$6.53 as compared with \$6.23 in 1938.

The 1939 production was made up of 51 per cent peat humus, 38 per cent reed or sedge peat, and 11 per cent peat moss and other peat. Peat moss is produced in about six states, while peat humus is obtainable in ten states and reed peat in seven.

IMPORTS

There is a steady demand in the United States for imported peat moss, due to the fact that the workable peat bogs in this country cannot meet domestic requirements. Prior to the outbreak of war the principal sources of imported moss were Germany, the Netherlands, the Baltic countries, and Canada.

The following table shows United States imports of peat moss for the years 1938 to 1941:—

United States Imports of Peat Moss

	1938	1939	1940	Jan.-Sept., 1941
	Figures in Long Tons of 2,240 Lbs.			
Canada	3,562	6,180	5,463	20,347
Netherlands	5,990	15,914	2,800	....
Sweden	13,506	15,497	2,392	....
Germany	32,483	25,113	37	14
Denmark	1,106	2,139	347	....
Estonia	1,327	1,271	....	....
Finland	69	137	....	....
Latvia	1,432	1,519	130	....
Norway	664	558	....	....
Poland	198	682	....	....
Russia	1,280	462	....	....
United Kingdom	445	701	810	840
Mexico . . . . .	....	14	....	....
Newfoundland . . . . .	....	1	....	....
Total	62,062	70,188	11,979	21,201

Beginning June 16, 1940, imports of peat moss of the poultry and stable grade were recorded separately. The total figures for 1940, therefore, include 1,736 tons of this grade, of which 1,629 tons were supplied by Canada and 107 tons by the United Kingdom. Similarly total imports in the first nine months of 1941 include 7,717 tons of this grade, of which 7,673 tons came from Canada, 30 tons from the United Kingdom and 14 tons from Germany.

As a result of the war, the United States sources of supply in Europe have been cut off, with the exception of the United Kingdom. As shown in the foregoing table, total imports in 1940 amounted to only 11,979 tons, and of this amount Canada furnished almost 46 per cent. During 1938 and 1939 Canada only supplied about 5 per cent and 8 per cent, respectively, of the total imports. Although no figures are available for the full year 1941, for the first nine months Canada is credited with 20,347 tons, or 95 per cent of the total imports of 21,201 tons; the remainder came from the United Kingdom and Germany.

PACKING

Peat moss is usually wrapped in burlap, with wooden slats on two opposite sides held securely by wire bindings. The bale, 22 inches by 20 inches by 40 inches, contains from 10 to 12 cubic feet of compressed moss. The moss should be light in colour and, while it is desirable that it have a moisture content of 20 per cent, the moisture usually averages about 30 per cent.

PRICES

The current wholesale price of peat moss in the United States is \$2.65 per bale, delivered in carload lots. This is slightly above the price that prevailed

at the beginning of the year, and is accounted for by the increase in railway freight rates.

Prior to the war, quotations for imported moss averaged approximately \$1.45 per bale f.o.b. seaboard. The principal reason for the higher price of peat is the cost of producing the moss in the United States and Canada.

There is no difference between the price of poultry and stable peat moss and that of moss for horticultural purposes. Prior to the war peat moss for poultry and stable use was quoted at 5 to 10 cents per bale below moss for horticultural use.

CUSTOMS DUTY

Under a decision of the United States Customs Court on April 17, 1940, peat moss for use as fertilizer is admitted free of customs duty. However, peat moss for other uses, including the poultry and stable grade, is subject to the United States tariff of 50 cents per ton of 2,240 pounds.

USES OF PEAT MOSS

The two principal uses of peat moss are in horticulture and as stable and poultry litter. Consumption on this basis in the United States is divided almost evenly. However, some peat moss is used as packing material for fruits, vegetables, eggs, plants, and fragile articles. It is also used by the building trades as an insulating material. Recently peat moss has been used in the magnesium industry as a refining agent.

HORTICULTURE

Because peat moss has the property of retaining moisture and contains the fertilizing elements nitrogen, potash and phosphoric acid, it is used horticulturally as a fertilizer and soil improver both commercially and in home gardens.

Commercially it is used by nurseries, florists, tree-movers and turf specialists. The first three use it for propagating seeds and slips, lining out nursery stock and transplanting trees and shrubbery. Turf specialists use it for making, re-making and keeping lawns, particularly in athletic fields, cemeteries and parks.

The home gardener uses peat moss for mixing with clay and sandy soil, because it not only absorbs moisture but holds it. It helps to bind together and to give more body to loose, sandy soil and to break up and render more friable heavy and clay soils.

Peat moss, being an excellent insulating material, is useful for winter and summer mulching in gardens. As a winter mulch it is used to maintain the soil in a frozen condition, while in summer it holds the moisture and helps to save plants from wilting and dying. It has also proved useful as a forcing medium in the growing of bulbs in bowls or plants in pans and pots.

POULTRY AND STABLE LITTER

On account of the high moisture-absorbing capacity of peat moss, it has proved valuable as poultry and stable litter. It helps to keep the poultry houses and barns clean, dry and free from disease-inviting dampness. Peat moss litter makes an excellent bedding for animals, and does not have to be changed often.

While the fertilizing properties of poultry droppings have been considered of great value on account of their nitrogen content, they should be mixed with a suitable filler to prevent leaching and burning. Peat moss prevents this burning and also acts as a soil conditioner. Peat moss manure releases the nitrogen slowly, gradually feeding it out with moisture to plant life.

Manured peat moss has several distinct advantages over ordinary barnyard manure in that it absorbs much of the objectionable odour; it is dry and fine and spreads easily, and it does not heat and burn up the humus-making material.

REFINING AGENT

The latest use for peat moss is as a refining agent in the manufacture of magnesium. One of the principal producers (the Basic Magnesium Corporation, Las Vegas, Nevada) will require from 700,000 to 1,000,000 bales of sphagnum peat moss per year. Inquiries have indicated that the quantity and quality of the peat moss required are not obtainable in the United States but that the British Columbia product meets requirements and, if production is increased, adequate supplies for this plant will be available from that province.

CANNED FRUIT PRICES IN THE UNITED STATES

L. H. AUSMAN, ASSISTANT TRADE COMMISSIONER

New York, July 7, 1942.—In the report entitled "Canned Foods Supply Position in the United States", published in *Commercial Intelligence Journal* No. 2004 (June 27, 1942), it was stated that the price formula for canned fruits would be released shortly. The Price Administrator announced on July 5 that in determining the maximum f.o.b. factory price each canner must calculate the average price charged on spot sales of fruit and berries during the first sixty days after he began to pack each fruit in 1941. To this is added 10 per cent to cover increased costs other than those of raw materials. A further addition is made up of the difference between the weighted average cost of raw material in 1941 delivered at the factory and the equivalent figure for this year.

In computing this year's raw material costs canners must wait until they have bought at least 75 per cent of their individual fruit and berry requirements.

The ceiling formula is final for the year's pack and will not be adjusted in accordance with subsequent purchases of fresh fruit. Adjustments in wholesale and retail prices are being worked out by the Office of Price Administration and will be announced shortly. Meanwhile, wholesale and retail prices must not be raised above the general maximum price level.

An expected increase in the retail price of canned fruits by as much as 15 per cent is reported to be the first break in the general price ceilings established in the United States at the highest levels of last March. In announcing the proposed increase the Price Administrator stated that growers' prices, based on 110 per cent of parity for farm prices plus labour wage increases, had forced canners' costs up 50 per cent, and under current legislation this could not be met by government subsidy.

GOVERNMENT PURCHASES OF CANNED FRUITS AND VEGETABLES

A new Order, issued on June 29 by the War Production Board, increased sharply the percentages of their canned fruit and vegetable output which canners must set aside for government use. The revised figures, compared with the original allotments, are as follows:—

	Former Percentage	New Percentage
Apples	58	100
Apricots	50	75
Applesauce	32	60
Sweet cherries	34	50
Red sour cherries	21	44
Fruit cocktail	23	40
Pears	31	40
Cling peaches	32	38

	Former Percentage	New Percentage
Pineapple	26	34
Prunes	25	30
Pineapple juice . . . . .	..	14
Beets	60	100
Pumpkin	65	72
Lima beans	25	35
String beans	28	35
Sweet corn	23	35
Peas	26	35
Tomatoes	33	35
Tomato catsup	23	33
Tomato juice	15	17

The percentages for peaches, other than clingstone, asparagus, carrots and spinach have not been increased over the figures of 32, 30, 100 and 58 respectively required by the original order.

It is reported in trade circles that the amended order might lead to a decided shortage of canned fruits for civilian consumption next winter, particularly if packs are not up to expectation.

CANADIAN BACON FOR THE UNITED KINGDOM

G. R. PATERSON, ANIMAL PRODUCTS TRADE COMMISSIONER

London, June 12, 1942.—One of the important contributions being made to the war effort by Canadian farmers is the production of increased numbers of hogs for the purpose of providing bacon for the United Kingdom. Before the war Canada supplied not more than about 15 per cent of the total quantity of bacon and ham consumed in Britain. Out of a total pre-war consumption of approximately 10,500,000 long cwts. (of 112 lbs.) per annum, Canada provided in 1938 1,507,656 cwts. Following the outbreak of war, it seemed reasonably certain that increased quantities of bacon were likely to be required from Canada. When the European countries were overrun by the enemy, Canada immediately became the principal source of supply. The Dominion has increased her production to the point where during the present year she is supplying 5,357,143 cwts., the equivalent of approximately 5,000,000 hogs, in the form of Wiltshires, hams and a small amount of other cuts.

Recently questions have been asked in various quarters, both in Canada and the United Kingdom, that would indicate that some thought is being given not only to the present position but also to the future. Some of these questions and answers thereto are as follows:—

1. What part of all the bacon now consumed by the United Kingdom originates in Canada?

Official statistics have not been published since the beginning of the war, but a conservative estimate is 67 per cent.

2. Prior to the war it was repeatedly emphasized in some quarters that, if Canada wished to participate in the British market to a greater extent than she was then doing, she must produce more bacon similar in type to that supplied by Denmark. If, in its broadest sense, that was the real situation at that time, what is the position now that she is the principal supplier?

Danish bacon was favoured owing to a number of factors, chief among which were the following: the proximity of Denmark to the United Kingdom market; the high degree of uniformity in quality of Danish bacon; continuity of supply of a product that suited the taste of the majority of the people.

The geographical disadvantages affecting Canadian supplies in peace time have been accentuated as a result of wartime shipping problems. Nevertheless,

with minor exceptions, the Canadian product has arrived in the United Kingdom in first-class condition. In general it is of uniformly better quality, butchering methods have been improved, deliveries have been made as required within the limits of wartime shipping irregularities, and the trade and consumers have expressed general satisfaction with the Canadian product. This may suggest that much of the pre-war preference for Danish bacon was over-emphasized. As a matter of fact, during the first Great War, when Canada also ranked first in importance as the United Kingdom supplier, too little attention was paid to quality. Therefore the British trade and consumers welcomed the return of the then superior Danish product. A recurrence of this situation must not be allowed to interfere with Canada's continuing to occupy her rightful place in the coming post-war period.

3. Is it true, as some seem to advocate, that Canadian producers would be better advised to increase the weight of hogs delivered to the Canadian packing plants for processing and shipment as bacon to the United Kingdom at the present time?

No. While it may be reasonable and correct to say that the average weight of hogs might be increased slightly in order to prevent lightweight and unfinished pigs being delivered for processing, at the same time it must be borne in mind that once a hog has been finished at around 200-220 pounds live weight it should, if it is the right type and has been properly fed, have attained the best weight at which it can be converted into the most desirable kind of Wiltshire. United Kingdom consumers have a very definite preference for bacon from a Wiltshire of the proper weight. When selecting bacon, they also give the most careful consideration to the best proportion of lean to fat to suit their needs. Contrary to the somewhat prevalent opinion, consumers in the United Kingdom do not favour overly fat bacon; not only is it less palatable, but it is also less economical to purchase. To produce hogs of heavier weights than have been suggested would in no way save shipping space so far as total volume is concerned, but it would necessitate shipping a higher proportion of fat in an undesirable and uneconomical form. Aside from these points, the post-war potentialities of this market as an outlet for a substantial volume of Canadian bacon must remain uppermost in the minds of all concerned.

TRINIDAD INDUSTRIES AND THEIR IMPORT REQUIREMENTS

G. A. NEWMAN, CANADIAN TRADE COMMISSIONER

Port of Spain, July 10, 1942.—Trinidad, with an area of 1,980 square miles and a total population (according to 1938 figures) of 464,589 inhabitants, is the most industrialized colony in the Eastern Caribbean area. The outstanding development is the petroleum industry, which in 1938 accounted for 70 per cent of the total value of the Colony's exports. In number of workmen employed it is second to agriculture, listing 15,000 employees, under pre-war conditions, as compared with about 25,000 labourers on cocoa and coconut estates and between 20,000 and 30,000 labourers employed on the sugar estates.

Agriculture accounts for a considerable amount of industrial activity in the form of processing plants such as sugar factories, rum distilleries, copra refineries, and the preparation of citrus products. In addition there are a number of general activities such as sawmilling, match-making, paper-pulp manufacturing, biscuit-making, leather-manufacturing and bottling of alcoholic and non-alcoholic beverages. These industries, large and small, give Trinidad a higher purchasing power and provide a wider market for Canadian products than is to be found elsewhere in the British West Indies (Eastern Group).

The following notes cover some of the more important industries and their normal import requirements. It will be appreciated, of course, that under war-

time conditions many of these items are restricted by import or export regulations. Information with respect to these regulations may be obtained on application to the Canadian Trade Commissioner or to the Department of Trade and Commerce, Ottawa.

PETROLEUM PRODUCTS

After the first recorded sinking of an oil-well in 1867, oil production in Trinidad mounted rapidly until in 1938 over 17,700,000 barrels were being produced from 1,261 wells. Two refineries were in full operation, and a third was in course of construction. Recent data are not available for publication, but it is known that the industry has since expanded greatly.

Reports on the requirements of the Trinidad oil-fields were published in *Commercial Intelligence Journal* Nos. 1799 and 1855 (July 23, 1938, and August 19, 1939, respectively). Before the outbreak of war most of the specialized oil-field equipment was obtained from the United States, but Canada supplied certain types of tubing, general hardware products, steel rope, cordage, building materials such as cement and Douglas fir, and transportation equipment. Recently high-grade barytes has also been imported from Canada. Under wartime conditions oil-field requirements are indented through the Petroleum Products Board in London, which in turn maintains a purchasing organization in the United States. There is, therefore, little or no opportunity for direct sales to oil companies at present.

ASPHALT

Fifty-seven miles south of Port of Spain is Trinidad's 127 acres of natural asphalt. Apart from being a constant tourist attraction, the lake is the source of supply of road-building asphalt, which is refined and barrelled by the Trinidad Lake Asphalt Operating Company. The firm gives employment to about 475 labourers. Exports in recent years have tended to decrease, due to competition from other road materials, the quantity of dried asphalt exported in 1940 being 28,777 tons.

From a Canadian export point of view this industry is of interest chiefly on account of its use of 4 to 7 million staves a year for the manufacture of slack barrels for packing the refined asphalt. The principal requirement in such staves is that they withstand high temperatures during the filling process without warping or buckling. The material commonly used is second-grade ash imported at very low prices from the United States. From time to time experiments have been made with Canadian woods and, while a test of one of these proved satisfactory, it was found that the staves could not be supplied in commercial quantities at competitive prices.

AGRICULTURAL PRODUCTS

Of the Colony's total area of 1,192,844 acres, 28.5 per cent, or 341,000 acres, are being utilized for agricultural purposes in the following crops: cocoa, 180,000 acres; sugar, 82,000 acres; coconuts, 40,000 acres; rice, 10,000 acres; coffee, 8,000 acres; citrus fruits, 7,000 acres; tonka beans, 5,000 acres; maize, 2,000 acres; and other crops, 7,000 acres.

SUGAR AND RUM

Although the largest acreage is in cocoa, its production during the past few years has decreased, and sugar is now the main cash crop of the Colony.

There are seven large sugar factories in Trinidad producing mainly raw sugar. Their production, together with that of five smaller plants, reached a peak figure of 154,665 tons in 1936. Since then production has been reduced, due to unfavourable weather conditions and lack of sufficient labour supply. A subsidiary industry is the production of rum by five distilleries which in 1941 produced a total of 1,349,138 proof gallons.

Sugar-factory machinery is obtained from the United Kingdom, and consequently replacements for such equipment are likely to be purchased from the same source. Sugar rollers are reconditioned in Puerto Rico, where there are special facilities for this purpose.

Nevertheless a number of hardware products have been obtained from Canada, such as wire rope, cane slings, binding wire, cane trucks and repairs, structural steel for building trucks, valves, and tubes. Other products that might be obtained from Canada are filter cloths, reconditioned jute bags, chemicals, and hand tools.

In the rum trade one of the major demands is for white oak staves for the manufacture of rum casks. These are obtained from the United States. Recently an effort has been made to use Canadian birch staves for the same purpose, but the matter is still in the experimental stage.

COPRA PRODUCTS

Trinidad is the outstanding colony in this territory for the manufacture of copra products such as edible oil, lard compound, coconut oil, margarine, coconut meal, butter substitutes, and soap. The two main products, edible oil and lard compound, are produced in quantities sufficient to meet the Colony's domestic requirements and permit of moderate exports to neighbouring colonies. Nineteen processing plants are in operation, although three large commercial concerns account for about 75 per cent of the total production of copra products.

The industry provides a market for stearine, caustic soda, caustic potash, refined salt, dried skim-milk, and fuller's earth. Normally tin containers for the packaging of edible oils and lard compounds are manufactured locally from imported tin sheets, but there is a prospect that when present supplies of sheet tin are exhausted there will be a demand for wooden lard pails and tight barrels.

A brief review of this industry was published in *Commercial Intelligence Journal* No. 1995 (April 25, 1942).

GRAPEFRUIT PRODUCTS

A development of recent years in Trinidad is the canning of grapefruit juice and grapefruit hearts by the Co-operative Citrus Growers' Association, which comprises about 90 per cent of the citrus-growers on the island. Normally fresh grapefruit is sold to advantage in the United Kingdom and to some extent in Eastern Canada but, with the United Kingdom market cut off, the growers have had to concentrate on the canning of grapefruit juice for home consumption and sale to Canada.

Plant capacity is about 175,000 cases of twenty-four 20-ounce tins. Production this year is not expected to exceed 100,000 cases.

This industry requires wooden field crates, Florida-type citrus crates, citrus wraps, 20-ounce tins, labels and cartons, all of which, with the exception of the paper wraps, are being purchased from Canadian sources.

LIME PRODUCTS

There are ten lime-processing plants in Trinidad, engaged mainly in the production of lime oil, a highly volatile, aromatic, colourless product. This oil is currently sold at about 75 cents per ounce to users of essential oils, such as beverage manufacturers, the flavouring and confectionery trade, and perfumery manufacturers. Distilled lime oil exports from Trinidad in 1940 totalled 49,373 pounds—50.7 per cent of the British West Indies output for that year—the British West Indies being the world's main source of supply. Small quantities of green limes are also exported, together with moderate quantities of racked, clear juice, ecuelled oil and citrate of lime. The industry does not provide an important market for Canadian products.

FOREST PRODUCTS

LUMBER

Trinidad must rely on imported lumber for well-seasoned, carefully graded dimension lumber required for use in housing and construction work. Local woods, however, find an outlet in the furniture trade, which uses this lumber almost exclusively for building certain types of houses and boats, in wheelwright work, and as sleepers, telephone poles, for jetties and bridges, and in the production of matches and match boxes. It is estimated that 3,213,433 cubic feet of local wood was cut during 1941 for firewood, corduroy and lumber.

Twenty-nine sawmills are in operation, each with an average annual timber consumption of about 22,000 cubic feet. The mills are equipped usually with break-down circular saws fitted with inserted teeth and driven by petrol lorry or Diesel engines. A few of the mills are equipped with cross-cut saws and planers.

Since the outbreak of war local lumber production has been active, and this has resulted in a steady demand for small sawmill equipment.

PAPER PULP

Trinidad has a small but active plant for the manufacture of easy-bleaching sulphite pulp from bamboo. Production amounts to 350 tons of paper pulp per month, which is shipped in pressed 2-cwt. bales to the United Kingdom. It affords a market for 1,000 tons of magnesite and 1,100 tons of sulphur per year.

MATCHES

Another offshoot of the local lumber trade is the production of safety matches. Normally production is sufficient to meet the requirements of the island and allow for exports to the neighbouring colonies. While local wood is used, all the other materials, including chlorate of potash, paraffin wax and glue, are imported.

GENERAL SERVICES

In addition to the usual community services, such as ice plants, electric plant, printing establishments and bakeries, Trinidad has four tanneries, two biscuit factories, a brewery and nine aerated water factories.

TANNERIES

The four tanneries manufacture red sole leather from hides obtained locally, the total leather production being 18,000 pounds per month. Divi-divi, mangrove bark, temper lime and salt are imported for processing purposes.

BISCUITS

The two biscuit factories consume close to 1,000 half-bags of flour each per month in the production of sodabiscuits.

Certain types of plain sweetened biscuits are also being manufactured in small quantities, with the prospect of increased supplies, as one factory has recently imported equipment for the manufacture of plain sweetened biscuits.

Aside from creating a demand for soft wheat flour, these factories also provide a market for tin containers, specifications for which are obtainable from the Trade Commissioner.

BOTTLERS

Trinidad has an active bottling trade that includes rum bottlers, a brewery, and nine aerated water plants. Angostura Bitters, a widely known product, is also bottled in Trinidad.

These various activities have created in Trinidad an active market for wooden cases, cardboard cartons, bottles, corks and flavouring essences.

AUSTRALIAN WHEAT AND FLOUR

Mr. Frederick Palmer, Canadian Trade Commissioner in Melbourne, cabled under date July 16, 1942, regarding the Australian wheat and flour situation as follows:—

Growing conditions for the new season's crop are the best in many years. A twenty-five per cent reduction is expected from last season's sowings. Some orders on a basis of \$35.20 per short ton are awaiting shipment to South Africa. Otherwise the export flour market is generally dull.

WARTIME IMPORTANCE OF AUSTRALIAN TIMBER

FREDERICK PALMER, CANADIAN TRADE COMMISSIONER

Melbourne, June 1, 1942.—Prior to 1940 approximately one-third of Australian timber requirements was supplied by imports. The bulk of these imports comprised coniferous softwoods such as Douglas fir and hemlock from the west coast of North America and red deal (red Baltic) and European spruce (white Baltic) from the Baltic area of Europe. Total imports included smaller quantities of specialty timbers, such as teak, mahogany, ash, aspen, red and white lauan, redwood, and soft-textured pines, etc. As the volume of timber brought in is now negligible as compared with pre-war imports, Australia has to depend to an increasingly greater extent on locally grown timbers, both native and exotic, to meet her requirements in this product.

FACTORS AFFECTING DOMESTIC PRODUCTION

A recent examination of the timber supply position indicated that two main problems are presented; the elimination of the gap between the demand and the current output from sawmilling plants, and stimulation of a wider use of Australian timbers for purposes for which imported timbers were formerly used.

The factors essential to increased production—experienced labour and suitable equipment—were not easily provided, since enlistments in the fighting services, including many in forestry companies sent overseas, and the more attractive conditions and better wages often obtainable in munitions and other work in cities have made considerable inroads on many bush sawmill crews. The manpower situation was relieved to some extent by the subsequent exemption from military service of employees engaged in timber production and by the classification of timber production as an essential industry. Difficulties in obtaining necessary equipment, especially tractors for logging operations, were less easily overcome.

On the consumption side, increasing restrictions on private building construction cut down civil demands for timber. Furniture manufacture was indirectly curtailed by labour and material shortages and by prohibitions and restrictions on the manufacture of certain luxury and other articles of furniture.

These reductions were offset by increased demands for large quantities of timber for A.R.P. work, for constructional and other work to replace steel, for new military camps, hangars, ordnance stores and other constructions, for equipment, and for increased box, case and crate manufacture, particularly for shipping munitions, etc. As a result Australia's productive capacity was taxed to close the gap between the demand for timber and the supplies available from local output, imports and stocks on hand.

SUBSTITUTES NOT FAVOURED

The substitution of Australian for imported timbers appeared at first to be particularly difficult, since the opportunity for expansion in output lay chiefly

in hardwood (density at 12 per cent moisture content 40 pounds, and over per cubic foot) production, whereas the bulk of the timber imported was softwood (density at 12 per cent moisture content 28 to 35 pounds per cubic foot) and was used for many purposes where lightness, softness and relative ease of working and seasoning were advantageous. Furthermore, Douglas fir was an ideal timber for many purposes, especially constructional, on account of its availability in long lengths of large cross section. It was only with considerable reluctance that use of Australian timbers for many purposes was agreed upon when it was finally found that the large quantities of imported timbers required were not available or that the prices had risen so high that their use was uneconomic.

The demand for increasingly large quantities of timber for packing food-stuffs and munitions and for general transport and other purposes had to be first met by the use of various eucalypt timbers (including fire-killed mountain ash), various brush timbers of New South Wales and Queensland, hoop pine and plantation and "hedge-grown" exotic conifers, chiefly pines. This change-over caused considerable trouble because of seasoning difficulties, as hardwoods take longer to air-dry and the necessary stocks of these were not available to permit of complete and satisfactory air-drying. Kiln capacity had to be increased, and the position in this respect is said to be improving.

In recent months numerous large structures with clear spans up to 130 feet were erected for use as ordnance stores, hangars, workshops, and in their construction various eucalypt timbers were used. In the pre-war construction of buildings of this kind in Australia steel would almost certainly have been used, but by using timber a valuable contribution to the war effort has been made in that large quantities of steel were reserved for the more important munitions work.

AUSTRALIAN TIMBER SUBSTITUTES

Many Australian timber substitutes were not considered to be as good as the imported timber formerly used, but this unfavourable opinion was said to be closely associated with the use of timber that was unseasoned, badly seasoned or not selected as carefully as was the imported timber.

Some of the most important of the substitutions are: scented satinwood (coachwood) for birch for aircraft plywood and for walnut in rifle furniture (Queensland maple was used for this purpose in Australia in the Great War of 1914-18), hoop pine in lieu of Port Orford cedar for battery separators, Queensland maple for mahogany in aircraft propellers and in boat building, white birch (crab apple) and radiata pine for aspen in the production of matches, spotted gum for hickory in axe and hammer handles, silver quandong and hoop pine for spruce in spoon-bladed oars, Queensland maple and scented satinwood (coachwood) for Gaboon mahogany and birch in plywood panels for army bridging stores, and sheoak and myrtle beech for boat lasts instead of maple.

INDUSTRIAL USES OF SEAWEED IN IRELAND

E. L. MCCOLL, CANADIAN TRADE COMMISSIONER

Dublin, June 4, 1942.—For many years seaweed has been used in Ireland both for the manufacture of iodine and as a fertilizer. Since the outbreak of war, the Government of Eire has encouraged research into its other commercial possibilities.

PRODUCTION OF IODINE

Some time ago the manufacture of iodine was an important industry in Galway, but, owing to competition from Chile, where it is derived from sodium nitrate, production became uneconomic and was allowed to lapse.

The inhabitants of the coastal districts gather seaweed along the shore, spread it out on the ground to dry, then build it into cocks or hang it over walls

until they are ready to burn it. The burning is done in long trenches about one foot to eighteen inches deep, and the resulting ash, which is known as kelp and which was formerly sent to Galway for the making of iodine, is, to the extent of some 1,600 tons annually, now shipped to Scotland.

SEAWEED AS A FERTILIZER

There is an active demand for seaweed as an agricultural fertilizer, the most widely used types being laminaria and fucus, followed, to a lesser degree, by ulva and zostera.

Laminaria, which is commonly known as "drift-weed," "May-weed," "tangle," or "ore-weed," grows immediately below low-water mark, while fucus ("wrack," "black-wrack," "bladder-wrack" or "cutweed") is found between tide marks. The latter is more plentiful than laminaria, especially in calm waters, and may be pulled off the rocks at low tide, while laminaria is washed ashore or cut from a boat. Ulva ("sea lettuce") and zostera ("grass-wrack") abound in more sheltered bays and inlets.

The constituents which render seaweed valuable as a fertilizer are nitrogen, phosphoric acid, potash, common salt and organic matter, the proportions of which depend on the type of weed, the amount of water and sand it contains and its state of preservation. However, as the weed is usually carted in a wet state, it contains approximately the following amounts per ton: nitrogen, 11 pounds or 0.5 per cent; phosphoric acid, 2 pounds or 0.09 per cent; potash, 27 pounds or 1.2 per cent; salt, about 35 pounds or 1.6 per cent; organic matter, 400 pounds. On the other hand the proportionate contents of the average farmyard manure is roughly 11 pounds nitrogen, 6 pounds phosphoric acid, 15 pounds potash and 380 pounds organic matter per ton, the quantity of salt being negligible. As a fertilizer, fresh seaweed is organically similar to ordinary manure, but it has the advantage that it is free from weed seeds and disease germs. It is about twice as rich as potash, having less phosphate, and contains a high proportion of common salt. It decays rapidly, and the potash is likely to be washed out if after being gathered the weed is left exposed to the weather. It should be ploughed in at once. It is used successfully with crops such as potatoes, mangolds, sugar beet, clover, and cabbages.

SCIENTIFIC RESEARCH

Industrial enterprise, assisted by science and with the financial help of the Government, is responsible for the production on a commercial basis of several essential products from seaweed. The chemistry department of the University of Galway deserves special credit.

AGAR-AGAR

Formerly the manufacture of this non-nitrogenous edible gelatine was confined to Japan and, to a much less extent, to California. It is in large measure also produced in the East Indies. Now, however, a suitable seaweed has been found on the west coast of Ireland, and the scientists of Galway are developing the production of a high-grade agar-agar. In Japan the seaweed for making agar-agar is specially cultivated and, now that a similar variety has been discovered in Ireland, a botanist is studying its characteristics with the object of increasing its production along the western coast.

Commercial agar-agar is a type of carbohydrate that contains mainly galactose and also a varying quantity of nitrogenous organic matter. Galactose is a white crystalline sugar obtained from certain gums and also by decomposition of milk sugar. It does not dissolve freely in cold water but is soluble in boiling water and forms solutions of comparatively low viscosity which solidify into a firm gel when cooled.

This product is used in jellies as a stiffener, and as a thickener for soups, sauces, gravies, ice cream and other foodstuffs. It is also used extensively in the fish and meat canning industries, as its viscous strength holds the cooked material together, even through the roughest handling. It is considered better than gelatine for canning, as the glutinous characteristic of the latter disappears at the temperature at which canned products are sterilized. Beer is clarified by the addition of small amounts of agar, and it is also used as a sizing material. It is used extensively for scientific purposes, and in pharmaceutical preparations.

CALCIUM ALGINATE AND SODIUM ALGINATE

Research into the possibility of producing sodium alginate and calcium alginate in Ireland is also proceeding. The difficulty of obtaining specialized plant and the solving of certain technical problems are for the present delaying commercial development. A crude form of sodium alginate is, however, being produced and is already used for sizing ropes, cotton and linen thread and as a substitute for wool oil in the manufacture of wool yarns. This oil is now difficult to obtain. Spinners state that, while the sodium alginate is not quite as good as the wool oil, it washes away more easily than animal-fat oil, and thus leaves a better finished cloth. Pure sodium alginate is used as a base and thickener for ice cream and as a stabilizer for emulsions.

Calcium alginate is used as a waterproofer in plastic materials and in the making of films and of fibres such as thread. It can also be used as a starch substitute by laundries. Its possibilities are being investigated by the British Laundry Research Association.

CEILING AND PANELLING BOARDS

These products have also been produced from seaweed pulp in the laboratory, but the outbreak of war has held up large-scale production. The boards, while not weatherproof, are said to be firm, strong and durable and to hold screws securely. They can be smoothly finished with a high polish, and it is stated that the panelling board especially should prove a success. The pulp has also been used in the making of coarse paper and cardboard.

SEAWEED AS A FOOD PRODUCT

A certain variety of seaweed is found on the family table in many homes in Ireland in the form of a palatable dish. It is made from "Carrageen moss" or "Irish moss," which can be picked from the pools along the seashore. This moss is spread out on the ground to dry and bleach in the sun. Quantities of it are also collected and sent to factories, where it is dried and sold commercially in packets under the name "Carrageen." A red seaweed called "dulse" is also picked and eaten raw in Ireland.

SEAWEED AS A FEEDSTUFF

Farm live stock grazing by the seashore, where meadow land is sparse, eat small quantities of inter-tidal seaweeds. In its fresh condition, however, seaweed is rather unpalatable, and some kind of treatment is, therefore, necessary to induce animals accustomed to ordinary farm feeding to eat any appreciable amount of it. Another disadvantage is the cost of transportation to the farms, due to its high water content and to the fact that it soon decomposes. In order to overcome these difficulties, the weed is now brought to factories, where it is dried and ground into meal that can be carried easily and cheaply to its destination, where it is mixed with the regular live-stock feeds.

A preliminary experiment was conducted recently to determine the value for pig feed of the laminaria species. This weed was collected on the west coast, air dried, dehydrated in a current of hot air and, finally, ground to a powder. A digestion test was then carried out on two pigs, which were first fed for a

certain time with an ordinary meal mixture without seaweed, after which the percentage digestibility was determined. The ground laminaria was then added to this meal mixture and fed to the same animals for an identical period, following which the digestibility was again ascertained.

The digestibility of the seaweed was determined and its total nutrients calculated. The latter, when the laminaria was dried to a water content of 10 per cent, worked out at about 50, while the corresponding figures for potatoes, oats and hay were 20, 63 and 30 respectively. In the air-dried condition, i.e. with a water content of about 24 per cent, seaweed would contain roughly 42 per cent total digestible nutrients. This test has, therefore, proved that air-dried seaweed in the ground form has about twice the nutritive value of potatoes and rates between hay and oats as a nourishing feed. The experiment cannot, of course, be considered as final, when the only criterion was digestibility, but it has been shown clearly that laminaria seaweed contains a substantial quantity of nutriment for live stock.

After the laminaria was dried in a current of hot air, an analysis was made which resulted as follows: moisture, 10 per cent; ash, 15 per cent; crude protein, 7 per cent; ether extract, $\frac{1}{4}$ per cent; crude fibre, 6 per cent; nitrogen-free extract, $61\frac{1}{2}$ per cent. It contained two per cent of calcium and about 4 per cent of sodium chloride.

This carbohydrate of nitrogen-free extract of laminaria is interesting. There is no starch, as in the case of land plants, but there is a comparable substance called laminarin. This substance is not suitable for human consumption but can be partially digested by the bacteria in the food tubes of animals. The other carbohydrates in laminaria are alginic acid, which corresponds to the pectins of land plants, mannite, which is easily digested, and fucoidin, a mucilaginous material that, like the laminarin and the alginic acid, is only for animal use. About 75 per cent of the total of all the above carbohydrates is digested. The undigested portion has no doubt a useful mechanical effect on digestion, and thus seaweed would enhance the value of other feeds with which it is mixed. Laminarin is predominantly a carbohydrate food, but it is also rich in lime and sodium chloride. It has been found that the laminarin content of the weed varies, being highest in the autumn and lowest in the spring. Whether the nutritive value of the weed varies with the laminarin content remains to be determined. Further investigations are being made into this question and also into the food value of other species of seaweed.

TRADE OF THE DOMINICAN REPUBLIC IN 1940

C. S. BISSETT, CANADIAN TRADE COMMISSIONER

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Havana, June 20, 1942.—As compared with 1939 the Republic's imports and exports both decreased in value in 1940, due to the uncertain trading conditions which prevailed after the invasion of Norway, the Low Countries and France. Prior to that period an appreciable proportion of its agricultural crops had been marketed in the European area overrun by the German army, and these military operations closed those areas for the duration of the war. Fortunately before this occurred a considerable part of those countries' purchases had already been delivered through normal trade channels, with the result that the full future effect of this loss of markets is not apparent in its maximum extent in the annual trade figures for 1940.

BALANCE OF TRADE

Total imports for the year under review amounted to \$10,511,403 as compared with the 1939 total of \$11,592,166, a decrease of \$1,080,763, or 9 per cent.

Exports totalled \$18,301,386 as against \$18,643,302 in the previous year, a minor decrease of \$341,916, or 2 per cent. All values quoted herein are in terms of the Dominican peso, which is equivalent in value to the United States dollar. The favourable balance of trade accordingly amounted to \$7,789,983, which has been exceeded only five times since 1905. This good showing, however, was at the expense of the import trade rather than as a result of better conditions in the export trade. Although the favourable balance for the year shows that the trading position of the Republic is healthy, this curtailment of purchases nevertheless demonstrates that importers are extremely wary of over-extending their position because of the fact that there is little in the way of cash surpluses or reserves that might be used to build up stocks. The general position, then, which has continued up to the present date, is that imported goods are being bought as much on a hand-to-mouth basis as possible.

Although the favourable balance for the year was fairly substantial, the greater part of it was consumed in paying for invisible imports such as freight charges, banking and insurance services, dividends on foreign capital investments and servicing of the foreign debt. Sufficient of the balance, however, will remain in the Republic to provide traders with an average profit on the year's transactions.

FOREIGN TRADE

The appended table, showing total exports and imports for the period 1925 to 1940 inclusive, will give a better idea of the values entering into the Republic's foreign trade in past years and afford a comparison of the trading activity of 1940 with that of the previous 10-year period:—

Statistical Summary of the Trade of the Dominican Republic

	Imports	Exports	Total Trade	Favourable Trade Balance
1930	\$15,229,219	\$18,551,841	\$33,781,060	\$3,322,622
1931	10,151,762	13,067,162	23,218,942	2,915,400
1932	7,794,343	11,164,271	18,958,614	3,369,928
1933	9,322,688	9,625,473	18,948,161	302,785
1934	10,574,344	12,894,636	23,468,980	2,320,292
1935	9,790,033	15,487,149	25,277,182	5,697,116
1936	9,926,567	15,149,908	25,076,475	5,223,341
1937	11,691,896	18,120,471	29,812,367	6,428,575
1938	11,342,495	14,347,033	25,689,528	3,004,538
1939	11,592,166	18,643,302	30,235,468	7,051,136
1940	10,511,403	18,301,386	28,812,789	7,789,983

Prior to 1927 the import value for that year was exceeded only once since 1905; that exception was the peak year 1920, when the price level was highly inflated. The export figure for 1927 was exceeded previous to that year only twice, in 1919 and 1920. The high price of sugar was, of course, the chief reason for the heavy export values for these two years.

The general trend of trade after 1925 was mostly upward for the next three years and was followed by the beginning of the depression in late 1929. As shown by the foregoing table, the Republic has never really recovered from the effects of the depression in the early 30's, since the values of both the imports and exports are little more than 50 per cent greater than they were in the worst year of the depression. At no time in the past decade has the Republic's trading activity been comparable to what it was in the previous decade. However, the favourable balances of trade in the past five or six years show that the Republic is living fairly well within its income, although that income is at a considerably reduced level.

IMPORTS BY COUNTRIES

The following table shows the total values of imports from the countries listed therein, with comparative figures for 1939:—

Imports into the Dominican Republic by Principal Countries

	1940	1939
United States	\$ 6,976,635	\$ 6,861,603
Japan	872,261	1,112,283
British India	537,349	426,464
United Kingdom	486,819	489,752
Dutch West Indies	412,569	303,343
Canada	266,022	139,080
France	147,820	347,292
Cuba	112,555	.....
Holland	30,385	97,986
Puerto Rico	22,836	20,175
Other countries	636,152	1,794,188
Total	\$10,511,403	\$11,592,166

The Republic's most important supplier of goods of all kinds is the United States. Because of the war developments in Europe, various supplies were no longer obtainable from the Continent and they were replaced wherever possible by goods from countries in the Western Hemisphere. Although the dollar value of imports from the United States in 1940 were only slightly in excess of what it was in 1939, that country's percentage share of the total Dominican imports rose from 59 to 67. This increase was chiefly due to the fact that, whereas the dollar sales of the United States were maintained, the value of the total imports was appreciably reduced. A considerable amount of United States investment in the island, good freight services and proximity to the market have always enabled American manufacturers to obtain the greatest share of the Republic's import trade.

The next most important supplier in 1940 was Japan, which was credited with 8 per cent of the total imports as compared with 10 per cent in 1939. About three-quarters of Japan's trade was in cotton goods. British India was next in order with somewhat more than 5 per cent as compared with 4 per cent in the previous year. Most of that country's sales was in jute bags. Fourth in importance was the United Kingdom with somewhat less than 5 per cent of the total import trade as compared with 4 per cent in the previous year. This was split up among a great variety of commodities. The Dutch West Indies came next with 4 per cent as against 3 per cent in 1939, most of which in both years was gasoline. Canada's share in 1940 was 3 per cent as against 1 per cent in 1939. A special section covering Canadian-Dominican Republic trade will be published in next week's issue of the *Commercial Intelligence Journal*.

IMPORTS BY CHIEF COMMODITIES

The chief commodities imported during 1940, with comparative figures for 1939, were as follows:—

Imports into the Dominican Republic by Principal Commodities

	1940	1939
Cotton and its manufactures	\$1,712,464	\$2,212,161
Machinery and apparatus	828,089	985,873
Jute sacks	695,222	486,359
Chemical and pharmaceutical products	632,815	647,405
Paper and its manufactures	442,170	403,299
Iron and steel structural materials	438,801	270,516
Gasoline	351,201	328,526
Automobiles	299,196	249,732
Silk and its manufactures	248,310	211,236
Wheat flour	213,282	192,560

As usual cotton piece-goods and cotton manufactures of various kinds combined were the most important single import group in 1940. It accounted for 16 per cent of the total imports, although this was a substantial decrease from 19 per cent for the previous year. The United States was the principal supplier with 46 per cent of the imports of this item, followed by Japan with 39 per cent, and Great Britain 9 per cent.

Machinery and apparatus continued to be the second most valuable item, a position which it has held during the past four years. It represented 8 per cent of the total imports as compared to 9 per cent in 1939. The United States with 96 per cent of the total of this item had practically a monopoly of the trade in it.

Whereas the above-mentioned two items showed substantial decreases in value as compared with 1939, jute sacks, the third import item of importance, showed a substantial increase. These sacks are used for packing raw sugar and the improvement in sugar exports was responsible for the increase. These sacks accounted for 6 per cent of the total imports as compared to 4 per cent in the previous year. British India, as usual, was the main supplier with 60 per cent, followed by the United States with 22 per cent.

The imports of chemical and pharmaceutical products were only slightly less in 1940 than in the previous year. This group accounted for 6 per cent of the total imports of all commodities and was supplied by the United States to the extent of 65 per cent, France 9 per cent, and Australia 9 per cent, the remainder being split up among many different countries.

There was an increase in 1940 of 10 per cent in the imports of paper and its manufactures. This item accounted for 4 per cent of the total imports as against 3 per cent in 1939. The United States was credited with 82 per cent of the shipments of all paper and paper products to the Republic during the year as compared with 70 per cent in 1939.

There was a rise of 50 per cent in the imports of iron and steel structural materials. This was the highest figure reached by this commodity during the past five or six years. The item accounted for 5 per cent of the total imports as compared with 3 per cent in 1939. The United States with 94 per cent of the total shipments of material of this kind had practically a monopoly of the trade. In 1939 that country had only 60 per cent of the total purchases, as substantial amounts were purchased from Continental countries.

There was also a small increase of about 7 per cent in the value of the gasoline purchased during the year. This item accounted for roughly about 3 per cent of the total imports of all commodities in each of the past two years. The Dutch West Indies continued to be the principal supplier with shares of 60 per cent and 54 per cent respectively in the two years under review. The United States was credited with the remainder of the business in this commodity, amounting to 40 per cent and 46 per cent respectively.

The figures given for automobiles in the foregoing table refer to passenger cars only. This item in the year under review increased in value by almost 20 per cent, and in both years it accounted for about 2 per cent of the total imports of all commodities. A practical monopoly of this business is enjoyed by the United States, which in 1940 was credited with about 93 per cent of it.

Imports of silk and its manufactures increased in value by about 18 per cent as compared with 1939, although in both years this item accounted for only some 2 per cent of the total imports. In the two years under review the United States was the principal supplier with 53 and 57 per cent respectively.

Imports of wheat flour showed a decrease of 8 per cent in quantity as compared with the previous year. This was a reversal of the trend toward increased flour imports which had been in effect since 1937. The value, however, increased in 1940 by 11 per cent, indicative of the higher landed cost of flour in Dominican ports. These flour imports constituted in both years about 2 per cent of the

total imports of all commodities. The United States had practically a monopoly of this trade with 96 per cent in 1940 as compared with 93 per cent in 1939. Canada's share of the trade in the respective years was 4 per cent and 7 per cent.

The above-mentioned ten commodity groups represent 54 per cent of the total imports.

EXPORTS BY COUNTRIES

The following table shows the value of exports to principal countries, with comparative figures for 1939:—

Exports from the Dominican Republic by Principal Countries

	1940	1939
United Kingdom	\$ 7,557,939	\$ 6,774,599
United States	4,503,493	5,051,357
Canada	2,838,110	35,119
France	1,130,337	2,219,208
French Morocco	757,779	1,418,202
Dutch West Indies	517,779	462,721
Puerto Rico	328,678	221,641
Cuba	214,296	.....
Holland	162,731	849,502
Japan	69,917	73,324
Other countries	220,327	1,537,629
Total	\$18,301,386	\$18,643,302

Except in one or two years, the United Kingdom has always been the Republic's best customer. Much the greater part of the principal agricultural crop, sugar, has always gone to Great Britain, either for consumption within the country or for refining and reshipment to the Continent. The year 1940 showed no change in this rule, except that a substantial portion of the sugar crop went to Canada. The United Kingdom purchased 41 per cent of the total Dominican exports as compared with 36 per cent only in the previous year. The United States was next with 25 per cent and 27 per cent respectively. Canada followed with 16 per cent, although her purchases in 1939 were negligible. The remaining countries of importance were: France, 6 per cent; French Morocco, 4 per cent; Dutch West Indies, 3 per cent; Puerto Rico, 2 per cent; and Holland and Cuba, 1 per cent each.

EXPORTS BY CHIEF COMMODITIES

The following table lists the values of the principal commodities exported during 1940, with comparative figures for 1939:—

Exports from the Dominican Republic by Principal Commodities

	1940	1939
Raw sugar	\$12,882,807	\$11,803,568
Cacao	1,617,104	2,014,475
Coffee	769,975	1,730,508
Molasses	546,996	241,665
Yuca starch	523,518	620,854
Gold	280,180	253,624
Refined sugar	198,559	77,227
Maize	175,020	250,247
Bananas	151,983	190,681
Cattle	128,909	204,965

As is customary with almost all of the countries and possessions in the Caribbean area, production of sugar is the Republic's main industry. Agricultural products of various kinds, either primary or secondary, make up practically the whole of the country's exports. Raw sugar accounted for 70 per cent of the total exports of all commodities in 1940. There were increases both in the quantity exported and in the price returns, the latter being greater than for any crop year since 1928. The output was 414,114 metric tons, which, although

greater than for either of the two previous years, was less than that for both 1937 and 1936. The increase in value was due not only to the price rise in sugar which occurred at that time but also to the sales contracts entered into between the Republic and Great Britain and Canada.

Of the total raw-sugar exports, the United Kingdom took 59 per cent; Canada, 22 per cent; France and French Morocco combined, 15 per cent; and the United States, 4 per cent.

Cacao accounted for 9 per cent of the total exports, although the crop decreased by 20 per cent in value. The United States, as usual, was the principal purchaser, taking 93 per cent of the total exports.

Exports of coffee decreased by 55 per cent as compared with those in 1939. The principal purchasers were the United States, 59 per cent; Cuba, 23 per cent; and Holland, 12 per cent.

The increased demand in the United States for molasses for the production of alcohol almost doubled the exports of this commodity in 1940; 98 per cent of the total shipments abroad went to that country.

The United States also took practically the whole of the yuca starch and the whole of the gold exported.

The shipments of refined sugar were split up among the following countries: United States, 58 per cent; Dutch West Indies, 26 per cent; and the Virgin Islands, 14 per cent. Puerto Rico took 65 per cent of the maize shipments, and a further 27 per cent went to the Dutch West Indies. The United States accounted for the whole of the banana exports. Neighbouring islands absorbed all of the shipments of live cattle, 78 per cent going to the Dutch West Indies and 20 per cent to the French West Indies.

CONTROL OF EXPORTS: ADDITIONAL PRODUCTS AFFECTED

By Order in Council P.C. 6008, effective July 16, 1942, an export permit is required for shipment to any country of the following: Hog, cattle and horse hair, n.o.p., and other animal hair, n.o.p., included in Group 2 (Animals and Animal Products); and cotton, raw and unmanufactured, included in Group 3 (Fibres, Textiles and Textile Products).

TARIFF CHANGES AND TRADE REGULATIONS

British West Indies (Eastern Group) and British Guiana

PROPRIETARY MEDICINE RESTRICTIONS

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, writes under date July 3, 1942, that for the guidance of Canadian manufacturers and exporters of proprietary medicines, the following are the policies adopted to date by the Import Control Authorities in the various colonies of the British West Indies (Eastern Group) and British Guiana in respect of restrictions on proprietary medicine imports:

TRINIDAD

A working list of approved firms whose products may be imported has been prepared by the Import Control Board with the assistance of an Advisory Committee. The list is available for examination at the Control Board by local importers or agents, and the Board is prepared to consider representations on behalf of any firm whose name does not appear on the list. A copy of this list has been supplied to the Department of Trade and Commerce, Ottawa, and any interested firm will be advised on request as to whether or not its name appears on it.

Agents may make firm sales on behalf of their principals to local importers and may import for their own account against quotas based on their average annual imports for the years 1938 and 1939.

BRITISH GUIANA

The Import Control Board, on the advice of the Director of Medical Services, is prepared to issue import licences for all products included in the approved confidential list of proprietary medicines.

Import licences will not likely be granted for proprietary medicines new to the British Guiana market, except on the recommendation of the Director of Medical Services.

BARBADOS

Notice of restrictions in this Colony was published in *Commercial Intelligence Journal* No. 2000 (May 30, 1942), and as far as is known these are still in force.

LEEWARD AND WINDWARD ISLANDS

Import Control Authorities in Antigua, Montserrat, St. Lucia and St. Vincent report that they have no lists of approved or unapproved proprietary medicines. The practice is to grant licences only for the importation of those proprietary medicines which in the opinion of the Senior Medical Officer may be regarded as essential. In this regard the Senior Medical Officer of St. Vincent has listed the following general classifications of proprietary medicines which are likely to receive his approval:—

1. Old established and well-known remedies (such as Eno's Fruit Salts, etc.).
2. Other bona fide preparations likely to afford relief in the case of minor maladies, such as coughs, colds, bruises, cuts, etc., not usually referred to a medical practitioner.
3. Official drugs, preparations, etc., of the British Pharmacopoea, the British Pharmacopoeal Codex and corresponding American and Canadian official compilations.
4. Other drugs, preparations, etc., likely to be prescribed by medical practitioners.
5. All veterinary preparations.

Reports as to procedure have not been received from the colonies of Canada, Dominica and St. Kitts.

Ireland

DUTY REDUCED ON COMMERCIAL VEHICLES AND SUSPENDED ON REINFORCED HOSE

An Order of the Government of Eire, effective May 13, 1942, reduced to 15 per cent ad valorem, applicable to all countries, the import duty on motor-car bodies and motor-car chassis imported for the carriage of goods. Motor-car bodies were formerly dutiable at 50 per cent ad valorem or £40 each, whichever is greater. Motor-car chassis were formerly dutiable at 33½ per cent ad valorem.

Another Order suspended from May 27, 1942, to November 26, 1942, the import duty of 50 per cent ad valorem, applicable to all countries, on flexible hose covered or bound with wire (excluding rubber hose) and on hose of rubber and canvas having the bore lined with spiral wire.

SUSPENSION OF IMPORT QUOTA ON RUBBER-PROOFED CLOTHING AND ON BRUSHES, BROOMS AND MOPS

Mr. George Shera, Office of the Canadian Trade Commissioner, Dublin, advises that, by an Order of the Government of Eire, dated June 3, 1942, the import quota restrictions on articles of wearing apparel made of rubber-proofed material have been further suspended for the period June 5, 1942, to June 30, 1943. The import quota restrictions on these articles were originally removed for the period December 5, 1941, to June 4, 1942.

By another Order, dated June 4, 1942, the import quota restrictions on imports into Eire of brushes, brooms and mops have been suspended from June 10, 1942, to December 9, 1942.

IMPORT QUOTAS ON LADIES' HATS, FOOTWEAR, AND METAL SCREWS

Mr. George Shera, Office of the Canadian Trade Commissioner in Dublin, advises that, by three Orders of the Government of Eire, all dated May 26, 1942, further quotas for the period July 1, 1942, to December 31, 1942, have been fixed for the importation into Eire of the following commodities:—

Ladies' felt hats (under 14s. 11d. each), 80,000 articles; this amount is the same as that allocated for the previous six months' period.

Leather boots and shoes, 1,250,000 articles as against 1,000,000 for the preceding six months.

Metal screws (slotted heads and tapered threads), 50,000 gross; of this amount, 48,000 gross must come from the United Kingdom or Canada; the previous six months' quota was the same.

Colombia

SEPARATE CERTIFICATES OF ORIGIN ABOLISHED

Advice had been received from the office of the Canadian Trade Commissioner in Panama that a Colombian decree of February 11, 1942, abolishes the separate certificate of origin previously required on shipments to Colombia and replaces it by a sworn declaration as to the country of origin of the merchandise. This declaration is to be made on the consular invoice and will be authenticated without charge. In the case of parcel-post shipments of a value up to 50 pesos (\$31.60) and air mail shipments of any value, for which consular invoices are not obligatory, the declaration will be made on the commercial invoice.

Bolivia

DUTY ON WHEAT REDUCED

Mr. M. J. Vechsler, Canadian Trade Commissioner at Santiago, Chile, writes that a recent decree reduced the Bolivian import duty on wheat from 16 to 8 bolivianos per 100 kilograms gross weight (from about $10\frac{1}{2}$ to $5\frac{1}{2}$ cents per bushel). At the same time the requirement that permits be obtained for the importation of wheat flour was cancelled.

SURTAX ON PARCEL-POST SHIPMENTS

A Bolivian decree, effective April 1, 1942, established an additional surtax of 30 per cent of the duties on imports into Bolivia by parcel post. Exempt from this surtax are: foodstuffs, fuels, medicines, books, magazines, paper, motion-picture films, and goods imported for miners, railroads, farms and government agencies.

EXCHANGE CONDITIONS IN BRAZIL

L. S. GLASS, CANADIAN COMMERCIAL ATTACHÉ

Rio de Janeiro, July 10, 1942.—There have been no changes in the Brazilian regulations as regards the supply of foreign exchange for the purchase of imported goods. The position as regards available exchange is reported to be better than for many years past, due to the increasing demand for Brazilian export commodities. Brazil is probably building up a reserve of foreign exchange which will tend to a great extent, if not entirely, to compensate for the adverse conditions which obtained over a long period in the past. Exchange is promptly available for all bona fide imports.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING JULY 20, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, July 20, 1942, and for the week ending Monday, July 13, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending July 13	Nominal Quotations in Montreal Week ending July 20	Official Bank Rate
Great Britain	Pound	4.8666			
	Buying		\$4.4300	\$4.4300	2
	Selling		4.4700	4.4700	—
United States	Dollar	1.0000			
	Buying		1.1000	1.1000	1
	Selling		1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
	Bid		4.4200	4.4200	—
	Offer		4.4800	4.4800	—
Other British West Indies	Dollar	1.0138	.9313	.9313	—
Argentina	Peso (Paper)	.4245			
	Official		.3304	.3304	3½
	Free		.2621	.2622	—
Brazil	Milreis (Paper)	.1196			
	Official		.0673	.0673	—
	Free		.0571	.0571	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
	Official		.0573	.0573	3-4½
	Export		.0444	.0444	—
Colombia	Peso	.9733	.6325	.6343	4
Venezuela	Bolivar	.1930			
	Official		.3313	.3313	—
	Free		.3324	.3324	—
Uruguay	Peso	1.0342			
	Controlled		.7307	.7307	—
	Uncontrolled		.5854	.5854	—
South Africa	Pound	4.8666			
	Bid		4.3862	4.3862	3
	Offer		4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
	Bid		4.5380	4.5380	—
	Offer		4.5906	4.5906	—
India	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
	Bid		3.5300	3.5300	3
	Offer		3.5760	3.5760	—
New Zealand	Pound	4.8666			
	Bid		3.5440	3.5440	1½
	Offer		3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

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Melbourne: FREDERICK PALMER, 44 Queen Street, Melbourne, C.I. (Territory includes States of Victoria, South Australia, Western Australia, and Tasmania.) *Cable address, Canadian.*

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British West Indies

Trinidad: G. A. NEWMAN. Address for letters—P.O. Box 125, Port of Spain. Office—Colonial Life Insurance Building. (Territory includes Barbados, Windward and Leeward Islands, and British Guiana.) *Cable address, Canadian.*

Jamaica: F. W. FRASER, P.O. Box 225, Kingston. Office—Canadian Bank of Commerce Chambers. (Territory includes the Bahamas and British Honduras.) *Cable address, Canadian.*

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Acting Trade Commissioner. Address for letters—P.O. Box 1770, Cairo. Office—22 Shari Kasr el Nil, Cairo. (Territory includes the Sudan, Palestine, Cyprus, Iraq, Syria, Iran and Turkey.) *Cable address, Canadian.*

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Mexico

Acting Trade Commissioner. Address for letters—Apartado Num. 126-Bis, Mexico City. Office—Edificio Banco de Londres y Mexico, Num. 30, Mexico City. (Territory includes Guatemala, Honduras, and Salvador.) *Cable address, Canadian.*

Newfoundland

R. P. BOWER, Acting Trade Commissioner, Circular Road, St. John's. *Cable address, Canadian.*

CANADIAN GOVERNMENT TRADE COMMISSIONERS—*Con.*

New Zealand

C. B. BIRKETT, Acting Trade Commissioner. Address for letters—P.O. Box 33, Auckland. Office—Yorkshire House, Shortland Street, Auckland. (Territory includes Fiji and Western Samoa.) *Cable address, Canadian.*

Panama

H. W. BRIGHTON. Address for letters—P.O. Box 222, Panama City. Office—98 Central Avenue, Panama City. (Territory includes the Canal Zone, Venezuela, Colombia, Nicaragua, Costa Rica, and the Netherlands West Indies). *Cable address, Canadian.*

Peru

W. G. STARK, Acting Trade Commissioner. Address for letters—Casilla 1212, Lima. Office—Edificio Boza, Carabaya 831, Plaza San Martin, Lima. (Territory includes Ecuador.) *Cable address, Canadian.*

South Africa

Cape Town: J. C. MACGILLIVRAY. Address for letters—P.O. Box 683. Office—New South African Mutual Buildings, 21 Parliament Street. (Territory includes Cape Province and Southwest Africa, Natal, Tanganyika, Kenya, Uganda, Mauritius, Madagascar and Angola.) *Cable address, Cantracom.*

Johannesburg: H. L. BROWN, Acting Trade Commissioner. Address for letters—P.O. Box 715. Mutual Buildings, Harrison Street. (Territory includes Transvaal, Orange Free State, the Rhodesias, Mozambique or Portuguese East Africa, Nyasaland and the Belgian Congo.) *Cable address, Cantracom.*

United Kingdom

London: FREDERIC HUDD, Chief Trade Commissioner in the United Kingdom, Canada House, Trafalgar Square, S.W.1. *Cable address, Sleighing, London.*

London: J. A. LANGLEY, Trade Commissioner, Canada House, Trafalgar Square, S.W.1. (Territory includes Home Counties, Southeastern Counties, and East Anglia; also British West Africa.) *Cable address, Sleighing, London.*

London: W. B. GORNALL, Fruit Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Canfrucum.*

London: G. R. PATERSON, Animal Products Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Agrilson.*

Liverpool: A. E. BRYAN, Martins Bank Building, Water Street. (Territory includes North of England, Lincolnshire, North Midlands, and North Wales.) *Cable address, Canadian.*

Bristol: JAMES CORMACK, Northcliffe House, Colston Avenue. (Territory includes West of England, South Wales, and South Midlands.) *Cable address, Canadian.*

Glasgow: G. B. JOHNSON, 200 St. Vincent Street. (Territory covers Scotland.) *Cable address, Cantracom.*

United States

Washington: H. A. SCOTT, Commercial Attaché. Office—Canadian Legation.

New York City: D. S. COLE, British Empire Building, Rockefeller Center. (Territory includes Bermuda.) *Cable address, Cantracom.*

Chicago: M. B. PALMER, Tribune Tower, 435 North Michigan Avenue. *Cable address, Canadian.*

Los Angeles: Acting Trade Commissioner, Associated Realty Building, 510 West Sixth Street. *Cable address, Canadian.*

Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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SOUTH AFRICAN INDUSTRIAL EXPANSION

J. C. MACGILLIVRAY, CANADIAN TRADE COMMISSIONER

Cape Town, June 8, 1942.—As was the case during the first Great War there has during the present conflict been an expansion of secondary industry in the Union of South Africa. Not only have existing enterprises been added to, but new ones have developed. This has followed as a natural corollary to the need of war supplies and the gradual curtailment of imports because of transportation difficulties and other wartime causes. The greatly increased cost of imported goods, when obtainable, has also been a stimulant to the growth of domestic manufacturing. Since this industrial expansion had begun before the war, and the latest official statistics covering manufacturing production in the Union are for the period 1938-39, there is no basis on which to make a complete survey of recent developments.

The Department of Commerce and Industries estimates, however, that the pre-war rate of increase has been maintained and that the figures covering former years may be regarded as at least a partial criterion for the present. In 1938-39, for instance, the gross value of manufacturing production showed an increase of £7,000,000, or 4.2 per cent, over the figure for the preceding period. Concurrently the value added to materials in the process of manufacture totalled £85,000,000, a rise of 5 per cent, while raw materials of South African origin went up 6 per cent, from £46,323,000 to £48,969,400.

Employment in manufacturing industries during July, 1941, showed a numerical increase of 9 per cent in comparison with July, 1937, despite the

large number of men serving with the armed forces. Some industries show reductions in their employment figures, but others, particularly the engineering, metal-working, machinery, foodstuffs, clothing and textile industries record marked increases.

The actual number of factories in the Union increased by 158 from September, 1939, to September, 1941. While this figure includes many small undertakings, it excludes branch plants and is, therefore, reasonably indicative of the rate of growth.

The Department of Commerce and Industries also directs attention to the consumption of electrical energy as a useful guide to industrial activity. The monthly average of current generated during 1941 was 42 per cent higher than the monthly average for 1937 and 16 per cent higher than the average for 1939. With an allowance made for the greater consumption of power by the mines and railroads, further evidence is thus shown of industrial development.

PRODUCTS NOT ALL FOR WAR PURPOSES

It is generally assumed that most of the recent expansion is due solely to war activities. A survey of the new industries indicates, however, that such is not the case, and that many of the goods now being fabricated meet normal peacetime demands and it is hoped that these will continue to be sold on a competitive basis when the war is over.

Among these articles are machine tools, precision tools and gauges, lathes and hydraulic presses, hack-saw blades, ball bearings, insulating tape, special upholstery spring units for mattresses and cushions, safes and strong-room doors, steel door-jambs, and furniture hardware.

Other new products are wooden hubs for ladies' shoes, cotton drill, hair brushes and vacuum-cleaner brushes, hair combs, cotton-wool, plastic buttons, and all types of under and outer clothing. The Industrial Development Corporation is interested in the production of woollen textiles, while an additional plant is being erected by private enterprise. New types of food products are also being made locally, and the manufacture of cereal foods has been greatly increased. Several grades of steel that were formerly imported are also now being manufactured in the Union, particularly high-grade tool steel. It is also planned eventually to produce fencing wire.

The fish-canning industry has also had its development quickened since the outbreak of war, although at present it is suffering from a shortage of tinsplate. As a side line to this, considerable progress has been made in the production of high-grade fish and shark liver oils from raw materials formerly regarded as waste.

In the field of chemistry the number of articles required by the leather industry has been stepped up by the turning out of such commodities as chrome salts, sodium sulphate, lactic acid and sulphonated oil. Other new chemicals include chlorine and aluminium sulphate, casein glues and nitro-cellulose finishes.

The manufacture of producer-gas generators for use with internal combustion engines has also begun. While South African industry, particularly those branches using local raw materials, need anticipate little interruption in its development during the war, its future under normal conditions is more obscure. It is widely considered that continued industrial expansion must be part of the post-war reconstruction program and that, in order to maintain this, there must be an energetic exploitation of nearby external markets and an increase in the spending power of the domestic market.

DOMESTIC INDUSTRY TO BE PROTECTED

Concurrently fears are expressed that after the war the South African market may be flooded with imports from countries whose currencies have

become depreciated or where other abnormal conditions might prevail. In view of this the Board of Trade and Industries recommended that steps be taken to amend the customs tariff by empowering the Government to levy a special protective duty "in order to protect any line of local manufacture against any form of uneconomic competition which may result from abnormal conditions after the war". This recommendation, as it stood, was not accepted, and the whole question remains undecided. As a possible solution the Board now suggests the post-war retention of import control. It expresses itself in this connection as follows:—

The Board nevertheless feels that in order to maintain local manufacture on the highest possible level compatible with efficient and economic production, some form of control of imports, in particular such as would result in disruptive and uneconomic competition, will be imperative, especially when the need for providing for the re-absorption into industry of the maximum number of men returning from the front is borne in mind. In the opinion of the Board the most effective way of dealing with this aspect of the post-war situation will be the control of imports by the Import and Export Control Board, which could, possibly reconstituted for the purpose, continue to function until such time as international prices return to normal levels or until such time as some other machinery is evolved. The Control Board could deal with all forms of disruptive competition including the dumping of surplus war stocks by overseas countries.

A further proviso is added that manufacturers should not rely on more than the minimum protection consistent with efficient and economic production and that maximum efficiency must be a condition precedent to protection.

HIRE-PURCHASE LEGISLATION IN SOUTH AFRICA

J. C. MACGILLIVRAY, CANADIAN TRADE COMMISSIONER

Cape Town, June 11, 1942.—From May 1, 1942, a new Hire Purchase Act became effective in the Union of South Africa, which applies to all agreements relating to the sale of moveables the purchase price of which does not exceed £500. In this Act a hire-purchase agreement is defined as an agreement of sale whereby ownership of the goods does not pass to the buyer at the time of delivery and where the payment price is to be paid in instalments, two or more in number, after delivery.

PURCHASE PRICE TO BE STATED

The purchase price, as defined in the new legislation, means the total sum payable under the agreement, including the deposit or trade-in allowance, as well as such additional items as insurance, installation charges, cost of accessories and all similar costs; these must be shown separately in the contract. Excluded from the purchase price are any sums payable as a penalty, damages for breach of contract, or any interest charges on instalments in arrears.

It is provided that hire-purchase contracts must provide a clear statement of the price for which the buyer may purchase the goods for immediate cash. The individual items making up the purchase price must also be listed in addition to the initial cash deposit and the trade-in allowance, if such is applicable. It is also necessary to specify the amount of each instalment and the date payable, and to give a full description of the goods in sufficient detail to specifically identify them. The Act also requires that agreements shall contain a clause setting out the terms as to ownership, such as reserving ownership to the seller until the conditions of the agreement have been fully complied with. If any benefits are included, such as free packing, railage or service for a given period, such benefit must also be clearly set out in the agreement. If the cash price is not stated, the price of the goods is automatically reduced by 25 per cent. If other requirements are omitted, the transaction will be regarded in law as an ordinary sale to the buyer on open account, and the seller will lose his ownership of the goods.

CERTAIN PROVISIONS PROHIBITED

The Act further provides that if certain provisions are embodied in the contract, it will be invalid and have no force or effect. Among these is the undertaking that a hire-purchase agreement will be entered into at a later date, except in respect of goods to be imported into the Union for sale to the prospective buyer; any clause releasing the seller from liability for the action, omission or representations of his representative; any clause excluding or restricting the liability of the seller under any guarantee or warranty which would otherwise be applied; any clause restricting the ownership of the goods to the buyer when all instalments have been paid in accordance with the terms of the agreement; any clause which permits the seller to link goods relating to the agreement with goods carried by previous agreements; any clause which permits the seller or his agent to enter upon any premises for the purpose of taking possession of the goods or which relieve the seller from liability for such entries.

Before any agreement or contract is entered into, the seller must state in writing to the prospective hirer the price at which the goods may be purchased from him by any buyer for cash. This statement must be made in addition to and despite the fact that similar information is required to be embodied in the agreement itself. If the agreement is drawn up in one only of the official languages of South Africa, the seller must submit to the prospective buyer a substantially correct translation of such agreement in the other official language.

NO INDUCEMENTS TO BE OFFERED

Any employee, agent or representative of any prospective seller who indirectly or directly offers or promises prospective buyers benefits as an inducement to enter into any hire-purchase agreement is, by the Act, deemed to be guilty of an offence and liable to penalty. This does not apply to any benefit offered in the ordinary way of business, but is intended to prohibit malpractices such as the sharing of commissions or the granting of rebates in order to induce buyers to sign agreements. The Act also provides that it is illegal to obtain from a buyer a cession of more than 25 per cent of his salary or maintenance allowance to secure payment due under a hire-purchase contract.

No agreement is of any force or effect unless a deposit of not less than 10 per cent of the purchase price is paid in cash or by a trade-in by the time the agreement is entered into. It is made an offence to take any negotiable instrument other than a cheque that is not post-dated, knowing that it is given or drawn in respect to any liability under a hire-purchase agreement. This clause is intended to stop the previous practice of signing up a buyer on bills, promissory notes or post-dated cheques for the purpose of collecting instalments on hire-purchase agreements.

It is stipulated that, if before the termination of an agreement the buyer changes his address or removes or permits the removal of the goods, he must within fourteen days notify the seller in writing of this change.

A trader must, within two months of the commencement of a hire-purchase agreement and thereafter not later than the last day of each succeeding period of two months, supply the buyer with a statement showing the total amount paid under the agreement and the amount still payable.

PROVISION FOR TERMINATION OF AGREEMENT

During the period of agreement the buyer is entitled to terminate it by giving written notice to the seller and returning the goods. He may also pay an instalment under the agreement before its due date and, if payment of the whole of the purchase price is made, he is entitled to a specified reduction.

Buyers are also given certain protection in the event of the repossession of the goods because of failure to pay instalments. If a buyer fails to carry out his agreement by his payments falling in arrears or otherwise, the seller, before enforcing his rights under the agreement, must observe certain procedure: he cannot claim the whole balance by reason of the buyer's failure to pay one or more instalments; he cannot, also, enforce his rights, under the agreement, for the return of the goods, immediate payment of the balance, payment of damages or the like, unless he has made a written demand to the buyer to pay up his arrears or remedy his breach of contract.

For the purposes of the Act or in connection with any agreement where the value of the goods is to be ascertained, the parties concerned may, in the absence of an agreement, jointly nominate a sworn appraiser to determine the value. In the event of non-agreement, the Court may appoint a sworn appraiser for the purpose. In both cases the determination of this official is final and binding.

POWERS OF THE COURT CHANGED

So far as hire-purchase agreements are concerned, civil imprisonment or garnishee orders cannot be obtained for the purpose of enforcing payment under an agreement or for any payment for damages or loss sustained by the seller because of the termination of the agreement. The new Act completely changes the powers given to the Court, and the dealer is no longer automatically entitled to the return of the goods, plus arrears, in any undefended action which he institutes. The Court will have power to consider the position in any action, whether or not it is defended, and to make a number of orders in addition to its present powers. The Court may order the return of the goods, subject to repayment by the seller; order the return of part of the goods to the seller; or permit the buyer to retain part of the goods and order the remainder of the goods to be sold by public auction. The Act also provides that any waiver given by a buyer of any right which he has under the Act will be of no force or effect.

A copy of the Act in question has been forwarded to the Department of Trade and Commerce, Ottawa, and may be inspected by any interested Canadian firm on application.

LIQUOR RATIONING IN NEWFOUNDLAND

R. P. BOWER, CANADIAN TRADE COMMISSIONER

St. John's, July 17, 1942.—The Commission of Government in Newfoundland has been considering for some time the question of restricting the sale of spirits in Newfoundland, both to conserve present stocks of rum, whisky, brandy, and other spirits and to reduce demands for shipping space. The scheme will not at present apply to alcoholic beverages other than spirits.

Beginning, August 10, 1942, a new form of permit will be brought into exclusive use. This permit will allow not more than three bottles of spirits to be bought at a specified store of the Board of Liquor Control in St. John's or Corner Brook by or for any one purchaser in any one week.

Until the new permit forms are issued the various stores of the Liquor Control Board will refuse to sell to any one person more than three bottles of spirits in any one week, although this action will have to be taken on existing permits. The new permits, which will cost fifty cents each, will go on sale in St. John's and Corner Brook on July 20, 1942.

The regulations will not apply to orders placed through the mail order department of the Board of Liquor Control by bona fide residents in outports,

who could not be expected to order in such small quantities when the opportunities for regular deliveries are lacking. Purchases by such individuals will, however, be suitably controlled. The regulations will not apply to institutions, units of the armed forces, manufacturers, chemists, and others who normally obtain their supplies in bulk directly from the Central Store Board of the Liquor Control, St. John's.

The rationing scheme is not expected to have any marked effect upon the sale of Canadian-made spirits in this country. In recent years the imports of whisky from Canada have approximated 400 gallons per annum, and those of gin have been fifty gallons per annum.

IMPORT TRADE OF JAMAICA IN 1941

F. W. FRASER, CANADIAN TRADE COMMISSIONER

Kingston, July 13, 1942.—Recently published official statistics show that the total value of Jamaica's import trade, exclusive of parcel-post shipments, for the calendar year 1941 was £6,391,837 as compared with £6,025,168 in 1940. Parcel-post shipments for these years were valued at £125,598 and £128,892 respectively making a grand total of £6,517,435 in 1941 as against £6,154,060 in 1940, or an increase of about 5 per cent. This increase was due in general to the advance in commodity prices in the 1941 period and also to the much larger importation during that period of cotton and woollen piece-goods, canned meats, gasoline and lubricating oils, and leaf tobacco, which together more than offset the lower quantities recorded for imports of wearing apparel, motor cars and trucks, Portland cement, flour, rice, hardware, condensed milk, fuel oil, kerosene, and laundry soap.

NOTES ON COMMODITIES

(Note: Values shown are c.i.f.)

APPAREL

Imports of wearing apparel which embraces every item answering that description, except boots and shoes, dropped in value from £113,636 in 1940 to £64,274 in 1941. This sharp decline in the face of rising values is indicative of the strict control exercised by the import control authorities over the importation of non-essentials, and this control is also reflected in sizeable increases in purchases of piece-goods to be made up locally.

BOOTS AND SHOES

Quantities remained about the same in both years, with a slight decline in value—132,218 dozen pairs (£210,030) as against 132,808 dozen pairs (£226,219) in 1940. This decline in unit value despite rising costs is no doubt attributable to the policy of encouraging the purchase of the lower grades by restricting the importation of the higher grades.

MOTOR CARS AND TRUCKS

In 1941 a total of 495 units was imported with a value of £106,789 as compared with 535 valued at £101,228 in 1940. This was a much less drastic decline than took place in the latter year as compared with 1939, when 1,358 vehicles (£232,422) were brought in.

TIRES AND TUBES FOR CARS AND TRUCKS

Imports of these items increased from 45,304 (£86,034) in 1940 to 48,893 (£106,235). It is noteworthy that the tires and tubes imported in 1941 had approximately the same value as the motor cars and trucks brought in during that year.

PORTLAND CEMENT

Arrivals of Portland cement in 1941 amounted to 151,349 barrels (£101,578) as against 186,857 barrels (£106,195) in 1940. The previous five-year average is 155,041 barrels.

COTTON PIECE-GOODS

Imports of cotton piece-goods increased by nearly 50 per cent, from 16,585,938 yards (£344,952) in 1940 to 23,347,658 yards (£531,626) in 1941. This increase is attributed to the policy of encouraging local production of wearing apparel and the restriction imposed on ready-made goods previously referred to under apparel.

DRIED, SALTED FISH

In the case of dried, salted fish smaller quantities were more than offset by increased values. While imports declined in volume from 11,469,835 pounds in 1940 to 9,713,880 pounds in 1941, c.i.f. values increased from £180,416 to £217,864. The subject of fish imports was dealt with at some length in an article entitled "Fish Trade of Jamaica," which was published in *Commercial Intelligence Journal* No. 1984 (February 7, 1942).

FLOUR

Imports of flour fell off drastically in 1941 both as compared with 1940 imports, which stood at 462,990 bags of 196 pounds, and with the previous five-year average of 432,328 bags. The reason for this decline is found in the greatly increased production of ground provisions, the curtailment of banana exports, which resulted in larger quantities being consumed locally, and to some extent to the compulsory substitution of a proportion of cornmeal in flour by bakers and householders.

RICE

Imports of rice declined from 48,889,978 pounds (£263,563) to 35,460,939 (£203,260). At this date, while stocks on hand are expected to last out for a few months, no further supplies in quantity are in sight. It is expected that the shortage of rice will be made up by further increases in local production of peas and beans and a probable increase in flour imports.

HARDWARE

Imports of hardware dropped in value from £175,454 in 1940 to £143,621 in 1941.

FRESH MEATS

There was a substantial decline in imports of this commodity, from 310,246 pounds (£9,519) in 1940 to only 157,010 pounds (£6,578). This falling-off was no doubt caused by the restricted demands for fresh meats due to loss of the tourist trade. A full report on Jamaica's meat trade appeared in *Commercial Intelligence Journal* No. 2001 (June 6, 1942).

CANNED MEATS

The increase in canned meat imports from 557,081 pounds (£17,888) to 750,185 pounds (£31,376), which is the highest figure ever recorded for Jamaican

imports of this commodity, was no doubt due largely to increased demand resulting from the rise in prices of salt fish and the scarcity of that commodity.

MEDICINES AND DRUGS

The import value of £97,820 for medicines and drugs for 1940 is the highest on record, values for previous years being: 1940, £93,681; 1939, £88,362; and 1936, £68,175. The value recorded, however, does not indicate an increased volume of imports, which have been rigidly controlled, but is doubtless entirely due to rising prices and carrying charges.

CONDENSED MILK

Imports of condensed milk dropped sharply from 4,897,820 pounds (£105,260) in 1940 to 1,956,078 pounds (£42,215). This was brought about by increased production by the local condensery.

OILS AND KEROSENE

Imports of oils and kerosene, which are largely used by the native population in the country districts for lighting, increased to 2,295,486 gallons in 1941 as against 1,669,169 gallons in 1940. The 1941 figure is the highest recorded.

MOTOR SPIRIT

Imports of motor spirit (gasoline) increased from 6,912,491 gallons (£122,568) in 1940 to 7,491,565 gallons (£148,279) in 1941.

LUBRICATING OILS

Imports in 1941 totalled 465,866 gallons (£50,533) as against 308,842 gallons (£35,946) in 1940.

PAPER

Imports of paper, all kinds, remained fairly steady at a value of £212,888 as against £210,761 in 1940.

ARTIFICIAL SILK

A further decline was recorded in imports of artificial silk and rayon, the quantities landed amounting to 2,099,564 yards (£97,914) as compared with 2,484,151 yards (£95,432) in 1940 and 4,926,960 yards (£132,334) in 1939.

LAUNDRY SOAP

Resulting from greatly increased local production of laundry soaps in the Island, imports of this commodity dropped from 3,431,952 pounds (£52,604) in 1940 to 501,731 pounds (£12,530).

SOAP, OTHER KINDS

While laundry soap imports fell off, as shown above, those of other kinds of soap expanded from 735,390 pounds (£21,198) in 1940 to 1,073,939 pounds (£29,390).

LEAF TOBACCO

Imports of leaf tobacco, which had fallen off sharply in 1940 as compared with previous years, recovered in 1941 to former levels, the figures being 399,391 pounds (£36,925) and 838,484 pounds (£70,346) respectively.

CIGARETTES

Imports of cigarettes, which are drastically restricted by quota regulations, remained at substantially the same level in 1941 as in the previous year, amounting to 41,273 pounds (£13,154).

LUMBER

Imports of slightly reduced quantities of lumber were accompanied by somewhat higher prices—14,552,459 board feet (£202,973) in 1941 as compared with 15,999,422 board feet (£185,521) in 1940.

WOOLLEN PIECE-GOODS

Imports of woollen piece-goods increased from 184,727 yards (£33,935) in 1940 to 270,289 yards (£50,966) in 1941.

NEW INDUSTRIES IN THE SOUTHERN STATES OF AUSTRALIA

FREDERICK PALMER, CANADIAN TRADE COMMISSIONER

Melbourne, June 14, 1942.—The encouragement given to industry in South Australia by the introduction into the South Australian Parliament in September, 1941, of the Secondary Industries Development Bill (see *Commercial Intelligence Journal* No. 1973: November 22, 1941), has met with success. During the past six or seven months there has been increased industrial expansion in that state, and a number of new industries have recently been established.

Plywood is now being manufactured for the first time in South Australia. Construction of the plywood mill was begun in November, 1940, and completed in January, 1941, but machinery installation took many months. Queensland has long been the centre of the plywood industry of the Commonwealth, and some of the leading mills were inspected and studied by the principal sponsors of the Adelaide venture when they were formulating their plans. Despite a lack of facilities and services that are a commonplace in Queensland and a shortage of skilled workmen that was overcome by painstaking training of the available labour, the South Australian plywood mill is now steadily turning out quantities of good quality plywood and is devoting 85 per cent of its production to war requirements. It is reported that production has been mostly of $\frac{3}{16}$ -inch pine plywood of 3 by 6 feet dimensions made up into boards of $\frac{1}{2}$ -inch, $\frac{5}{8}$ -inch and $\frac{3}{4}$ -inch thicknesses. The South Australian Woods and Forests Department co-operated with the company by supplying from its south-eastern forests clean logs of *pinus radiata*, free from blemishes, and it has also given other valuable assistance.

Cotton Spinning, Weaving, Bleaching, Dyeing and Finishing.—In January, 1942, the building of a new £600,000 cotton mill, 400 feet by 300 feet, was begun at Woodville, South Australia, and six and a half weeks later the first cotton yarn spun in the mills was produced. The venture, which was backed by large British textile interests, will employ 3,000 in peacetime and will soon turn out 60,000 pounds of yarn a week. This is expected to relieve to some extent the yarn shortage in Australia. It is planned to undertake full production, from raw cotton to the finished article, of fine-grade sheetings, pillow cloths, twills, and dyed plain cloths. Sheetings of weights that have not previously been made in Australia but which have been obtained largely from Japan, will be prominent among the company's products. For some time production will be confined to war needs.

Some high-speed winding and warping machinery for the factory was ordered from the United States, together with a number of accessories, and

altogether the machinery for the mill was estimated to weigh more than 1,500 tons. Technical experts were brought from England to supervise the installation of the machinery and to train local operatives.

Pulp and Paper Boards.—After many difficulties and delays, due to the shortage of skilled labour, the new mill of Cellulose Australia Limited, near Millicent, South Australia, has now begun production of pulp and paper boards. Among the first products of the mill will be cardboard made from waste paper collected to aid the Red Cross Fund. The output will later extend to wood-pulp board, leather boards and manila and greyboards. When production began the number of employees was approximately 200.

Steel Pipes.—A factory established at Port Pirie is to manufacture 103 miles of steel pipes weighing 14,730 tons. This will comprise 23 miles of 24-inch effective diameter concrete-lined $\frac{5}{16}$ -inch plate, 29 miles of the same diameter $\frac{1}{4}$ -inch plate, 19 miles of 24-inch diameter $\frac{3}{16}$ -inch plate, and 32 miles of 21-inch diameter $\frac{3}{16}$ -inch plate.

Iron Ammonium Citrate (Green).—This chemical is used partly medicinally and partly for sensitizing blueprint paper, which is required for munition and other engineering drawings.

Anhydrous Basic Subacetate of Lead (Horne's Dry Lead), formerly imported from Germany, is now produced in South Australia and is used in the sugar industry in Queensland.

Other Industries.—Other new industries recently established in South Australia include the manufacture of industrial plastics, bicycle bells, moulded A.R.P. shovels (fire-resisting plastic material fitted with 6-foot hardwood handles), and hood masks for blacking out motor-car lights.

WESTERN AUSTRALIA

A new enterprise recently developed in Perth by a local syndicate is the manufacture of paper from scrap paper. The new mill is producing all types ranging from toilet lines to strawboard and newsboard. The machine used in the mills was designed by an Australian and works on the Fourdrinier principle. Old paper is pulped, and a stock of pulp and water flows onto a gauze belt. The web of wet paper is pressed on felt rollers until nearly dry and passed over steam-heated rollers to complete the drying.

The machine can produce five tons of theatre ticket paper a week, sufficient for Australian needs. Another machine will produce ten tons of thinner papers and twenty-five tons of strawboard and newsboard a week. For total production about thirty tons of waste paper and twenty tons of straw a week will be required. Arrangements have already been made to dispose of the whole output.

TASMANIA

This state has been asked to grow 1,200 acres of mustard seed this year. Before the war mustard seed was imported from England, but in the past two years it has been produced in Tasmania, mainly on an experimental basis, with satisfactory results.

As a result of the war table mustard has been in short supply, but with the help of Tasmanian growers mustard manufacturers in Australia hope to meet military and civil requirements. The mustard would be grown under contract, seed being supplied to growers free, and the produce, provided it is delivered in good condition, would be purchased at 7½d. per pound. There is a further guarantee of £10 an acre for a third of the acreage grown or 7½d. per pound, whichever is the greater. Detailed advice on growing mustard seed is to be provided by the Tasmanian Department of Agriculture.

Dehydration Plant for Vegetables.—A conference was recently held in Hobart, Tasmania, between officers of the Commonwealth Department of Agriculture and the Commonwealth Department of Commerce to discuss the possibility of establishing a dehydration plant for vegetables and a cool storage plant at Stanley, Tasmania. For the present, the cool store would be used for holding vegetables and subsequently for the storage of butter and fish.

Plywood.—A plywood factory located near Burnie, Tasmania, the main building of which measures 260 feet by 100 feet, will have an estimated annual output of 12,000,000 square feet of plywood and 1,000,000 super feet of other products. At the outset veneer for apple-case sides will be produced, chiefly from myrtle, although sassafras and leatherwood are also to be used, and a test will be made of other hardwoods readily available to the mill.

UNITED STATES WHEAT OUTLOOK

W. D. WALLACE, OFFICE OF THE CANADIAN TRADE COMMISSIONER

New York, July 14, 1942.—According to a recent report of the Department of Agriculture, growing conditions in the United States for wheat crops have been generally favourable, and another year of heavy production seems probable. It is anticipated, however, that due to decreased acreage, total wheat production will be under that of the previous year but will be well in excess of the ten-year (1930-39) average. Owing to wartime conditions the United States now has a wheat carryover of close to 630,000,000 bushels, which, including the estimated 1942 production, will result in a total supply of approximately 1,500,000,000 bushels. Although domestic consumption will be close to the 1931-40 average of 688,000,000 bushels, it is estimated that under present conditions the carryover will approach 800,000,000 bushels, and unless exports are increased or the domestic use of wheat for such purposes as feed or alcohol production is increased, the stocks on July 1, 1943, will be even greater than on that date in 1942.

PRODUCTION

Estimates of the United States Bureau of Agricultural Economics for July 1 indicate that total United States wheat production for the 1942-43 crop year will amount to 904,288,000 bushels. This is 4.4 per cent below the 945,937,000 bushels produced during the previous crop year and substantially above the ten-year (1930-39) average of 747,597,000 bushels.

All winter wheat production is placed at 675,482,000 bushels, or 4,189,000 bushels over the 1941 crop of 671,293,000 bushels and 18.6 per cent in excess of the ten-year (1930-39) average of 569,417,000 bushels. The acreage for harvest is estimated at 36,398,000 acres, about 7.9 per cent under the 1941 acreage, while the yield is placed at 18.5 bushels per acre as compared with 17 bushels in the previous year. The ten-year average yield is 14.4 bushels per acre.

The estimate on July 1 of spring wheat production, including 32,521,000 bushels of durum wheat, is 228,806,000 bushels as compared with 274,644,000 bushels in the previous year, a decline of 16.7 per cent. This decrease is attributed to the large reduction in acreage in 1942. However, the 1942 crop is estimated at 28 per cent above the ten-year average of 178,090,000 bushels. The condition of spring wheat on June 1 was estimated at 89 per cent of normal and, as moisture conditions in the producing states appeared promising, it was indicated that the yield of spring wheat would be close to 14.7 bushels per seeded acre, the highest in fourteen years.

STOCKS ON HAND

As a result of the war and reduced export opportunities, United States wheat stocks at the close of June, 1942, were at an abnormally high figure. The July 1, 1942, stocks of all wheat were placed at 630,000,000 bushels, consisting of 298,000,000 bushels of winter wheat, 282,000,000 bushels of spring wheat, and 50,000,000 bushels of white wheat. Comparative figures of total wheat stocks as at July 1, 1941, are 385,000,000 bushels of which 202,000,000 bushels were winter wheat, 162,000,000 bushels spring wheat, and 21,000,000 bushels white wheat. The average wheat stocks on July 1 for the years 1932-33 to 1941-42 amounted to 247,000,000 bushels, of which 153,000,000 bushels were winter wheat, 74,000,000 bushels spring wheat, and 20,000,000 bushels white wheat.

WHEAT SUPPLIES

Figures for the supply of wheat in the United States are determined by adding the production figures and the stocks of wheat on hand. Thus the 1942-43 supply of all wheat is estimated at 1,534,000,000 bushels and consists of 973,000,000 bushels of all winter wheat and 511,000,000 bushels of all spring wheat plus a stock of 50,000,000 bushels of white wheat on July 1, 1942. On June 1 the production of white wheat was estimated at 77,000,000 bushels but, in view of the general upward revision of wheat production figures on July 1, it is reasonable to estimate that production of white wheat will be from 80,000,000 to 90,000,000 bushels. Assuming the estimated production of white wheat is 90,000,000 bushels, consisting of 65,000,000 bushels of white winter wheat and 25,000,000 bushels of white spring wheat, the supply of white wheat available for 1942-43 would total 140,000,000 bushels. On this basis the supply of winter wheat would be approximately 908,000,000 bushels, and that of spring wheat 486,000,000 bushels.

The 1942-43 supply of all wheat is about 15 per cent over that of the previous year and is well in excess of the ten-year average. For purposes of comparison the 1941-42 supply of all wheat was 1,331,000,000 bushels, consisting of 808,000,000 bushels of winter wheat, 411,000,000 bushels of spring wheat, and 112,000,000 bushels of white wheat. The ten-year (1932-33 to 1941-42) average supply is 996,000,000 bushels of all wheat, of which 649,000,000 bushels are winter wheat, 236,000,000 bushels spring wheat (including 9,000,000 bushels of imported spring wheat), and 111,000,000 bushels white wheat.

CARRYOVER

For the 1942-43 crop year it is anticipated that domestic consumption will be 700,000,000 bushels of all wheat, consisting of 490,000,000 bushels of winter wheat, 140,000,000 bushels of spring wheat, and 70,000,000 bushels of white wheat. The comparable 1932-33 to 1941-42 domestic consumption is 680,000,000 bushels of all wheat, of which 470,000,000 bushels was winter wheat, 139,000,000 bushels spring wheat, and 71,000,000 bushels white wheat.

Thus the available amount of all wheat for carryover or export for the 1942-43 crop year is estimated at 834,000,000 bushels, consisting of 418,000,000 bushels of winter wheat, 346,000,000 bushels of spring wheat, and 70,000,000 bushels of white wheat. The ten-year (1932-33 to 1941-42) average amount of all wheat for carryover or export is 316,000,000 bushels, of which 179,000,000 bushels are winter wheat, 97,000,000 bushels spring wheat, and 40,000,000 bushels white wheat. The average exports for the ten years 1932-33 to 1941-42 amounted to 42,000,000 bushels of all wheat, consisting of 24,000,000 bushels of winter wheat, 4,000,000 bushels of spring wheat and 16,000,000 bushels of white wheat.

WHEAT ACREAGE ALLOTMENT FOR 1943

The Secretary of Agriculture announced on June 17 that the national wheat acreage allotment for 1943 would be 55,000,000, the minimum under the law and the same as provided for 1939 and 1942. With an average yield of 12 bushels per acre, this allotment would result in a crop of 660,000,000 bushels, which is about equal to domestic consumption for one year.

LUMBER SITUATION IN THE UNITED STATES

D. S. COLE, CANADIAN TRADE COMMISSIONER

New York, July 9, 1942.—The United States Lumber Survey Committee has submitted a further report to the United States Department of Commerce on the lumber situation, including an estimate of consumption for the second quarter of 1942. The Committee states that demand for lumber during the first half of 1942 has exceeded the available supply and has necessitated restriction of lumber shipments. Consumption during the first six months of 1942 is estimated at 17,934,000,000 feet, which is 13 per cent above the recorded total of 15,846,000,000 feet for the first six months of 1941 and greater than for the corresponding period of any year since 1929.

Current estimates of lumber requirements for 1942 range from 36 billion to 38.7 billion feet, the monthly average of army and navy construction requirements alone being one billion feet. Box and container requirements are estimated at 7 billion feet; factory consumption, principally for army and navy, over 3 billion feet; war industry housing, over 4 billion feet; farm business building, nearly 5 billion feet; railroads, 3 billion feet; public works, public utilities, building repairs and non-residential construction within the limitations of Building Order L-41, over 3 billion feet.

Lumber production in 1942 has been slightly below that of 1941, being 32 billion board feet as compared with 33.4 billion feet. It is probable that there will be further reductions in production as a result of a scarcity of labour and logging equipment, but both logging and milling capacity and timber supplies are reasonably adequate. National production of timber products can be stepped up therefore, if necessary, should labour and equipment be made available. Incidentally unfilled orders now amount to 64 per cent of gross stocks, which are 21 per cent less than a year ago and 18 per cent less than at the beginning of 1942.

PRODUCTION AND SHIPMENTS

Mill reports to the National Lumber Trade Barometer for the first five months of 1942 indicate that production is approximately 3 per cent below that for the corresponding period of 1941. On the other hand, lumber shipments reported by the mills for the same period were 6 per cent above the figures for the 1941 period and 16 per cent greater than reported production. Therefore stocks are gradually being depleted.

BUILDING

Public construction is rapidly approaching three-quarters of all building, as reported by the F. W. Dodge Corporation. In April 87 per cent of all non-residential construction was financed from public funds as compared with only 46 per cent a year ago. The Bureau of Labour Statistics estimates from building permit data that construction of 141,000 new dwelling units was begun in the first three months of 1942, which is within 3 per cent of the figure for the same period in 1941.

Department of Commerce estimates of the total value of private building for the first quarter of 1942 were \$891,000,000, or 15.4 per cent below the

value for the corresponding period of 1941. On the other hand, the total value of public building for the same period is estimated at \$1,746,000,000, or almost 40 per cent above the value for the first quarter of 1941. For the remaining three-quarters of 1942 the value of new construction is estimated at \$9,380,000,000 of which \$2,720,000,000 is for private and \$6,660,000,000 for public purposes.

LUMBER IMPORTS AND EXPORTS

A first-quarter estimate of imports of both softwood and hardwood sawn lumber and timber for 1942 is 336,000,000 feet, which is 14 per cent below the figure for the fourth quarter of 1941 but 57 per cent above that for the first quarter of that year. Softwood lumber imports alone were 311,000,000 feet in the first quarter of the current year, while those of hardwood lumber amounted to only 22,000,000 feet.

Exports of boards and sawn timber in the first quarter of this year were 107,000,000 feet, or over 25 per cent below those recorded for the first and fourth quarters of 1941.

CONSUMPTION BY WOOD-USING INDUSTRIES

Furniture production during the first four months of 1942 is now placed at 30 per cent above the figure recorded for the corresponding months of 1941. Box and container requirements continue to increase, while railroad buying of common grades has been reduced somewhat by an order of the War Production Board. The major proportion of railroad buying is classed as specialty items, and this has not been curtailed. For instance, tie purchases in March of this year were 31·2 per cent over those made in February, 1942, and 59 per cent over the total for the corresponding month of 1941. Maple flooring production is on a parity with that of 1941, and both new business and unfilled orders are roughly on the same basis as last year. However, gross stocks are about 25 per cent less than a year ago.

LUMBER PRICES

The wholesale price index (1926 = 100) for construction lumber, prepared by the Bureau of Labour Statistics for April of this year, is 131·8. The average price received for West Coast lumber shipments, compiled by the West Coast Lumbermen's Association, was \$32.99 for March, 1942, as compared with \$27.13 for the same month of 1941. Greatly reduced cargo shipments as against those of a year ago account to a considerable extent for the price difference as between the two periods.

TRADE OF THE DOMINICAN REPUBLIC IN 1940

C. S. BISSETT, CANADIAN TRADE COMMISSIONER

II. Trade With Canada

The following table shows the values of Dominican Republic's imports from and exports to Canada for each of the ten years 1931 to 1940:—

Imports from and Exports to Canada

	Imports	Exports
1931	\$323,630	\$ 502,784
1932	261,426	91,746
1933	260,183	59,136
1934	271,915	1,275,515
1935	160,481	.....
1936	203,244	100
1937	203,348	.....
1938	127,929	12
1939	139,080	35,119
1940	266,022	2,838,110

EXPORTS

Practically the only commodity that has ever been exported by the Republic to Canada in any noteworthy quantity is raw sugar. Up to 1928 this sugar movement was fairly substantial, but subsequently it fell off rather rapidly until in some years, as shown in the foregoing table, there were no Canadian purchases of Dominican Republic commodities, since Canada's sugar supplies were drawn mainly from the British West Indies. With the outbreak of war in September, 1939, the position again changed, and the Dominican Republic once more became a supplier of raw sugar to Canada. In 1940 the Republic supplied about 20 per cent of Canada's raw sugar needs and since that time has continued to fill a substantial part of them through the tripartite arrangement between the Dominican Republic, Canada and the United Kingdom.

The following table shows the quantities (in kilos of 2·2 pounds) and values of Dominican exports to Canada for the calendar years 1939 and 1940:—

Dominican Exports to Canada

	1940		1939	
	Kilos	\$	Kilos	\$
Raw sugar	94,597,729	2,835,719	1,208,908	35,039
Coffee	22,876	2,391	.....	.....
All other products .. . . .	.....	.....	503	80
Total	94,620,605	2,838,110	1,209,411	35,119

Since there is no direct shipping service between Canadian and Dominican ports, all trade between the two countries passes through the Atlantic ports of the United States. There is no doubt that worthwhile quantities of Dominican products are purchased by Canadian firms through brokers in New York and other cities, which by reason of the fact that they are shipped on consignment or sold in bond to American firms and later re-sold to Canada, cannot be recorded in the Dominican statistics as Canadian purchases.

IMPORTS

Canadian sales in the Republic have always been handicapped by the lack of a direct shipping service. All Canadian shipments to and purchases from the Republic have had to be handled through United States ports. This in the majority of cases has increased the landed cost of Canadian goods and made it more difficult for them to compete in Dominican markets. In addition, until March, 1940, certain Canadian items, such as dried fish were under the further handicap of being subject to higher Customs tariffs than were imposed on imports from competing countries. However, with the conclusion, in that month, of a most-favoured-nation agreement between Canada and the Republic, this handicap was removed, and Canadian products are now accorded as favourable tariff rates as those from any other country except Haiti, which does not offer goods that compete in any way with those shipped from Canada.

The table below shows the quantities (in kilos of 2·2 pounds) and values of the chief commodities imported from Canada into the Republic during the calendar years 1939 and 1940:—

Principal Imports into the Dominican Republic from Canada

	1940		1939	
	Kilos	\$	Kilos	\$
Rubber tires and tubes	74,375	58,924	65,668	57,792
Dried salt fish	397,623	41,850	34,888	2,067
Wheat in grain	1,092,460	39,727	573,291	17,318
Smoked fish	465,952	33,837	278,522	17,641
Writing and printing paper .. . . .	.....	17,861	.....	4,943
Wheat flour	186,997	8,590	348,780	12,154
Miscellaneous foodstuffs .. . . .	.....	4,911	.....	135
Caustic soda, tallow and greases for soap manufacture	53,923	3,944	48,892	3,100

Principal Imports into the Dominican Republic from Canada—Concluded

	1940		1939	
	Kilos	\$	Kilos	\$
Vegetable and flower seeds	65,620	2,544	.....	.....
Miscellaneous chemical products . . . . .	.....	2,377	.....	1,670
Simple chemical and mineral bodies . . . . .	.....	1,923	.....	302
Miscellaneous iron and steel products.. . . .	.....	1,801	.....	1,234
Copper and its manufactures.. . . .	.....	1,510	.....	2,244
Miscellaneous rubber goods . . . . .	.....	1,167	.....	1,559
Brushes of bristles or hair . . . . .	.....	1,130	.....	1,519
Miscellaneous paper manufactures . . . . .	.....	1,066	.....	1,008
Condensed and malted milk	3,069	1,022	3,839	973
	No.		No.	
Jute bags	149,600	17,980	.....	.....
	Pairs		Pairs	
Silk hosiery	7,128	3,050	2,578	1,472
All other products . . . . .	.....	20,808	.....	31,949
Total value . . . . .	.....	266,022	.....	139,080

Sales of rubber tires and tubes for motor cars and other uses have continued to increase in recent years, due mainly to the transfer by American parent tire companies to their Canadian branches of a portion of their normal export business.

The most noteworthy change, however, occurred in the fish items, both dried salt fish, which is chiefly scale fish, hake, pollock and cusk, and smoked fish, which is mainly bloaters. Until the treaty with the Dominion Republic was signed in March, 1940, the tariff handicap placed on Canadian fish in favour of fish from France and its colonies precluded almost all Canadian sales of this product to the Republic. However, beginning in December, 1939, the tariff concession on dried salt fish held by France and its colonies was revoked, and a similar concession, applicable also to smoked fish, was accorded by treaty to Canada and Newfoundland in the following March. These concessions are also accorded to the United States. Thereafter Canadian fish sales increased greatly, although they were confined mainly to scale fish, since the concession received on codfish through the Newfoundland treaty was more or less nullified by much lower Newfoundland codfish prices. This, however, was not the case in respect of smoked fish, and the full benefit of the tariff reduction on this item has been enjoyed by Canada.

There was also a substantial increase in imports of wheat, although this was offset to a certain extent by reduced purchases of Canadian flour. Greater activity on the part of the small milling industry was chiefly responsible for this decrease.

With the exception of the items listed in the foregoing table no commodity imported from the Dominion in 1940 reached \$1,000 in value.

The principal products purchased from Canada in 1940 that are not of sufficient importance to be included in the foregoing table, are listed below, the import value for 1939 being shown within parentheses:—

Agricultural machinery, tools and implements, \$5 (\$470); books and other printed matter, \$428 (\$286); vehicles, \$308 (\$399); vegetable products for pharmaceutical uses, \$84 (\$28); quinine, \$85 (nil); clothing, except knit goods, \$15 (\$5); yarns and their manufactures, \$31 (\$55); miscellaneous cotton manufactures, \$72 (\$31); fish in brine, \$162 (nil); fresh fruits, \$125 (\$87); fresh potatoes, \$466 (\$1,486); canned fish, \$15 (nil); confectionery, \$65 (\$1); spices, \$1 (\$161); games and toys, \$385 (\$17); bottles and flasks, \$89 (nil); household glassware, \$17 (nil); all other glassware, \$175 (\$8); miscellaneous leather manufactures, \$18 (\$9); horn, bone, hoof, whalebone, etc., \$376 (\$1); wrought iron and steel cutlery, \$5 (\$33); firearms, \$20 (nil); steel and iron furniture, \$14 (nil); iron and steel structural materials, \$2 (\$881); rye whisky, \$580 (nil); miscellaneous spirits, \$30 (nil); electrical machinery and appliances, \$455 (\$507); other machinery and apparatus, \$369 (\$187); writing and printing inks, \$49 (\$126); all other inks, \$49 (\$68); blank books, \$252 (\$446); cardboard boxes, \$11 (\$8); miscellaneous cardboard manufactures, \$11 (\$2); wrapping paper, \$441 (\$1,185); natural or artificial silk manufacture, \$1 (\$39); tin, lead, zinc and other metals, \$3 (\$80); miscellaneous wood manufactures other than furniture, \$90 (\$199); woollen cloths, \$47 (nil); miscellaneous manufactures of wool, bristles or horsehair, \$3 (\$12).

TRADING WITH THE ENEMY

CANADIAN LIST OF SPECIFIED PERSONS

Inquiries received from time to time by the Department of Trade and Commerce indicate that Canadian exporters still do not understand clearly the composition and object of the Canadian List of Specified Persons established under the authority of the Consolidated Regulations Respecting Trading with the Enemy (1939).

The List of Specified Persons is a published list of firms and persons in neutral countries with whom intercourse or transactions of a commercial, financial, or any other nature without official permission constitutes the offence of trading with the enemy.

The List forms an integral part of the machinery designed to prevent enemy countries from obtaining any economic or financial assistance from British Empire or neutral countries. It consists principally of concerns controlled directly or indirectly from enemy territory (including enemy-occupied territory and certain other territories proscribed under the Trading with the Enemy Regulations), and of firms or individuals who have persistently evaded, or tried to evade, the contraband or enemy export controls. Persons controlled from enemy territory are enemies within the meaning of the Trading with the Enemy Regulations, whether or not they are included in the List of Specified Persons.

Additions to the List are made only after careful investigation in order that unnecessary damage to neutral or British Empire interests may be prevented. The Custodian of Enemy Property, Department of the Secretary of State, Ottawa, is always willing to consider representations from importers and exporters and other interested parties and to reply to inquiries on questions, such as the completion of unfinished transactions with persons placed on the List of Specified Persons. The Office of the Custodian is also prepared to advise, in cases where doubt is felt as to the legality or desirability, from the point of view of trading with the enemy, of dealings with persons not on the List of Specified Persons.

Enemy subjects who are not in enemy territory are not necessarily enemies within the meaning of the Trading with the Enemy Regulations, and it is not intended to specify persons in neutral countries as enemies merely because they are enemy subjects. Many subjects of enemy countries carry on business in neutral countries without assisting these countries, and in some cases are of assistance in the promotion of Canadian trade.

Nevertheless, enemy subjects, wherever they may be carrying on business, should be regarded with suspicion, and Canadian traders who employ enemy subjects as agents in neutral countries would be well advised to consider displacing them either by British agents or by nationals of the country concerned. Firms who experience difficulty in obtaining suitable alternative agents should consult the Department of Trade and Commerce, Ottawa, or the appropriate Canadian Government Trade Commissioners.

Copies of the Consolidated List of Specified Persons are obtainable from the Distribution Branch, Government Printing Bureau, Ottawa. The price is 25 cents each for single copies, with a reduction for purchases of 100 copies or more. The list contains the names of more than 9,000 persons, principally in Europe, Latin America, Japan and China. It is subject to revision from time to time, and additions, amendments and deletions which are found necessary are published in the *Canada Gazette*. Canadian firms that have extensive dealings with persons in neutral countries are strongly advised to obtain copies of the consolidated list and at the same time to arrange to receive revisions as published.

CONTROL OF EXPORTS: CHANGES IN LIST OF PRODUCTS AFFECTED

By Export Permit Branch Order No. 40, effective July 23, 1942, the following products, for which an export permit was not formerly required for shipment to Empire countries, will require a permit when exported to any country:—

Group I—Agricultural and Vegetable Products

Fruits, prepared, including fruit pulp, in air-tight metal containers

Vegetables, prepared, including baked beans and pork and beans, in air-tight metal containers

Tomato juice in air-tight metal containers

Soups in air-tight metal containers

By Order in Council P.C. 6326, effective July 23, 1942, the following products are added to the list of those the exportation of which is prohibited except under permit issued by the Export Permit Branch of the Department of Trade and Commerce:—

Group I—Agricultural and Vegetable Products

Fruits, prepared or preserved, n.o.p., including jams, jellies and marmalades

Fruit juices, n.o.p.

Vegetables, prepared or preserved, n.o.p.

Vegetable juices

Group II—Animals and Animal Products

Honey: processed honey and imitations of honey

TARIFF CHANGES AND TRADE REGULATIONS

Ireland

RESTRICTIONS ON CERTAIN COTTON PIECE-GOODS SUSPENDED

Mr. George Shera, office of the Canadian Trade Commissioner, Dublin, advises that by an Order of the Government of Eire, dated June 18, 1942, the cessation of the quota restrictions on imports into Eire of cotton piece-goods for bed sheets, ticks, or mattresses, dungarees, and piece-goods without pattern in colour for shirts or pyjamas; terry; cotton piece-goods with woven pattern in colour for shirts or pyjamas; cotton piece-goods other than those specified, has been extended for a further period commencing July 1, 1942, and ending June 30, 1943. The import quotas were originally removed on these articles on July 24, 1941, for periods of six months at a time.

Australia

TARIFF DECISIONS ON SOME PREPARED FOODSTUFFS

By decisions of the Australian customs, effective June 8, 1942, several descriptions of prepared foodstuffs were made dutiable as groceries not elsewhere included in the tariff at 15 per cent ad valorem under the British preferential tariff (applicable to Canada) and 33 $\frac{3}{4}$ per cent ad valorem under the general tariff (applicable to all non-British countries). The articles affected, with the former rates of duty in each case, are as follows:—

Anchovies with stuffed olives, packed in airtight containers, the fish predominating (formerly British preferential tariff 1d. per pound, general tariff 3d. per pound); antipasto, consisting of fish and vegetables packed in tins, the fish predominating (1d. per pound, 3d. per pound, or if higher 15 per cent ad valorem, 33 $\frac{3}{4}$ per cent ad valorem); Libby's Irish stew in tins approximately 50 per cent meat and 50 per cent vegetables and liquid, boneless chicken tamale made from corn, chicken, olives and sauce, turtle cup containing a large proportion of real turtle also fish and vegetables, and sauerkraut and sausage in tins each containing two sausages (3d. per pound, 6d. per pound, or if higher 15 per cent ad valorem, 33 $\frac{3}{4}$ per cent ad valorem); tinned pork and beans with tomato sauce, sauerkraut and pork in tins the pork forming only a small portion of the contents, also meli-melo consisting of a very small quantity of fish surrounded by vegetables all immersed in oil (half-pint tins 2s. 6d. per dozen, 3s. 6d. per dozen, with proportionate rates for other sizes).

Union of South Africa

POST-WAR IMPORT POLICY

Mr. J. C. Macgillivray, Canadian Trade Commissioner in Cape Town, reports growth of many secondary industries in the Union of South Africa, on account of abnormal demands for goods, and difficulties of importing from abroad. In regard to protection of industries after the war, he calls attention to a report of the South African Board of Trade and Industries, published in the May number of the *Official Gazette* of the Department of Commerce and Industries. The Board, whose function is to advise the Government on commercial policy including amendments to the Customs Act and matters pertaining to imports of goods, presented a chapter on post-war developments in which it is stated some form of control of imports will be imperative.

"In the opinion of the Board," the report says: "Whilst every reasonable protection should be extended to established industries, which are being conducted on sound economic lines, the Board nevertheless wishes to issue a warning note to manufacturers not to rely on more than the minimum protection consistent with efficient and economic production. In the opinion of the Board there is much scope for greater efficiency and economy in manufacturing and distributing operations of many local industries. Maximum efficiency, it is felt, should be a condition precedent to protection. Manufacturers seeking protection should, therefore, on their part see to it that their manufacturing operations are conducted efficiently and that all unnecessary costs are eliminated. It is only in this way that they can ultimately hope to produce the quantities which will lead to a reduction in manufacturing costs. Furthermore, it should be borne in mind that the cost factor must have an important bearing on the prospects of developing a permanent export trade with adjoining and other African territories which are commonly regarded as being the natural external markets of the Union's manufacturing industries."

Northern Rhodesia

IMPORT LICENCE AND CERTIFICATE OF ESSENTIALITY TO BE SENT TO SUPPLIER

With reference to the article in *Commercial Intelligence Journal* No. 2001 (June 6, 1942), page 617, respecting import control in Northern Rhodesia, a notice published in the *Northern Rhodesia Gazette* of June 5, 1942, states that the duplicate copy of the import licence and Essentiality Certificate with the original copy of the indent or order attached, will be sent direct to the supplier, and that the triplicate copy of the licence, together with the application form will be sent to the Export Control Authorities in the country of supply.

Bahamas

EMERGENCY TAXES ON IMPORTS EXTENDED

The Bahamas Emergency Tax Act, 1942, assented to on May 21, imposes for a further period of one year as from July 1, 1942, an additional duty of 5 per cent ad valorem under both the British preferential tariff and general tariff on all goods imported into Bahamas, whether dutiable or free, with the following exceptions: alcoholic spirits; beef, corned or roast, in tins; beef and pork, pickled and salted; butter; cheese; chicken and dairy feeds; films for projection; corn; cornmeal; fertilizer; fish, canned, dried or salted; flour; gasoline; kerosene; hominy; lard and lard compound; lumber and shingles, all kinds; matches; meats, fresh, salted or smoked; condensed or evaporated milk; potatoes; raffia; rice; common soap; sugar, brown or white; tobacco, except fine cut; goods imported by the Governor, Imperial or Colonial Government or Army or Navy; temporary importations; imports by the Agriculture and Marine

Products Board for agricultural purposes; objects of art for exhibition; articles for official use of foreign Consulates; passengers' baggage; bank notes; bullion; cargoes of vessels in distress; manures; motor cars and motor boats for temporary use; scientific instruments and appliances; specie; vessels for repairs; travellers' samples.

The additional duty of 5 per cent ad valorem on imports into Bahamas was first imposed by the Emergency Tax Act of August 12, 1940 (see *Commercial Intelligence Journal* No. 1919: November 9, 1940, page 657).

United States

CUSTOMS COURT RULES ENGELMANN SPRUCE SUBJECT TO INLAND REVENUE TAX

The United States Customs Court in a decision of June 17, 1942, published as C.D. 649 in Weekly Treasury Decisions issued on July 2, ruled that Engelmann spruce subject to the Revenue Act tax of \$3 per thousand feet board measure was reduced to \$1.50 in the Canada-United States trade agreement. The plaintiff in the case had claimed exemption from this tax under the Revenue Act of 1938 which removed the tax in question from "Western white spruce". The term "Western white spruce" was regarded by the Court as ambiguous. Its decision consequently was based on an examination of the legislative history of the amendment. In this regard it was cited that while the House Bill exempted Engelmann spruce and Western white spruce from the tax, a Senate amendment eliminated Engelmann spruce from the exemption and a conference report to this effect was adopted by both houses.

Chile

TARIFF RULINGS AND CLASSIFICATIONS

A Chilean decree of May 5, 1942, contained tariff rulings or new classifications which indicated the following duties in force on the goods mentioned:—

Goods	Tariff Item	Gold Pesos per Kilogram
Preparations with a caramel base for mixing with essential oils for the manufacture of non-alcoholic beverages	246	2.20
Cords of textile fibres not impregnated with grease or graphite	691B	0.60
Synthetic products for substitution of vanillin	742	22.50
Electric bulb screws made of bronze	1299	6.00
Bulbs for the manufacture of electric lights	1594	1.50
Mixtures of rubber with lampblack for the manufacture of rubber goods containing no other colouring materials nor sulphur or other substances which permit their vulcanization	1113	0.30
Similar rubber mixtures with no less than 10 per cent and no more than 50 per cent of colouring materials	1115	2.20
Flexible bars or sheets, coloured or not, of "vinilicas" resins and other similar resins	1170C	6.00
Machines for grinding, toasting, crushing, squeezing, peeling, etc., grains, fruits, roots, etc., the mechanical part of which may be of metal other than iron although they may have wooden, china or other plastic ware boxes, with or without nickel-plated parts, and weighing each not more than 20 kilograms	1333A 1646B	0.60 0.30
Pneumatic and solid rubber tires, used and cut transversely	1887	0.40
Boxes or cases with educational instruments for the practice of pure or applied sciences, including microscopes	419	0.27
Empty bags of palm fibre, agave fibre, and Mexican agave fibre or sisal hemp	1356A	4.50
Internal parts of gas and water meters (non-specified) containing more than 30 per cent of rubber	1356B	1.50
Same, of metal even containing up to 30 per cent of rubber or other material in any proportions	1356C	1.50
Same, not elsewhere mentioned in the tariff	1356	7.50
Same, of cork or leather		
Toy airplanes of balsa wood, in pieces or merely designed, and their accessories for fitting them together with the airplanes	1917A	0.40
Leather wrist bands for watches	1668	80.00

These duties are all on gross weight except the last three items, which are legal weights meaning that only interior wrapping is included in the dutiable weight.

The Chilean gold peso equals about 14·4 cents Canadian; one kilogram equals 2·204 pounds.

Dominican Republic

CONTROL OF WHEAT FLOUR

Mr. C. S. Bissett, Canadian Trade Commissioner at Havana, writes under date July 13, that, effective June 6, 1942, the importation, warehousing and distribution of wheat flour was placed under the control of an officially appointed Controller of Wheat Flour. After the above-mentioned date no transaction in wheat flour was or will be permitted without the sanction of the Controller.

EXCHANGE CONDITIONS IN ECUADOR

W. G. STARK, ACTING TRADE COMMISSIONER

Lima, July 15, 1942.—The altered dollar rate of exchange introduced by the Central Bank of Ecuador on April 29, 1942, is still in force, without further amendment at 13·70 sucres buying and 14·10 sucres selling to the United States dollar. No important change has been made in the exchange regulations, and collections are being taken up promptly. The Central Bank has high exchange reserves but, according to opinions in financial circles, there does not appear to be any further intention of appreciating the currency under existing conditions.

Imports are subject to permits, which are granted to importers on a quota basis relative to their capital and previous volume of imports. A certain control is maintained with regard to the importation of luxury goods and those which compete with nationally manufactured articles. As a precautionary measure Canadian exporters should not ship unless the dealer in Ecuador has supplied them with a duplicate copy of the relative import permit (*Permiso de Importaciones*).

Importers are required to make application for exchange before placing orders abroad. When this is granted, the Central Bank puts the exchange aside to the order of the importer, so that it is available for payment against shipping documents but only after the arrival of the goods at the respective Ecuadorean port. Dealers also may open letters of credit, which can only be established through the Central Bank of Ecuador, as this bank is the only one empowered to handle such transactions. The Central Bank, however, requires that a deposit covering full equivalent payment in sucres be lodged with it before it issues the letter of credit. The customs and parcel-post offices will not deliver imported goods unless proof is furnished that the covering exchange has been obtained through the Central Bank of Ecuador. Merchandise that has been sold on a time-draft basis is delivered only upon certification that the purchaser has accepted the draft and a bank guarantee of reimbursement with funds provided by the Central Bank of Ecuador. Imports may also be effected through letters of guarantee that are established by Ecuadorean commercial banks. This instrument differs from the letters of credit, inasmuch as the draft or drafts drawn under letters of guarantee are reimbursable only after arrival of the relative goods at any Ecuadorean port.

Concerning terms of shipment to Ecuador, Canadian exporters forwarding goods to unknown customers should insist on letter of credit or letter of guarantee. However, since the Exchange Control sets exchange aside for approved orders, sales on a sight-draft basis, or even on short-term credits, can

be made to reliable importers. Should an importer refuse to pay a draft for which the foreign exchange has been earmarked, he is not to be granted further exchange facilities; in other words he will be unable to obtain further imports.

When making quotations to Ecuadorean firms, shippers in Canada, in order to avoid confusion, are advised to quote prices in United States dollars, as this is the most common medium of exchange in Ecuador. Also, by the regulations of the Canadian Foreign Exchange Control Board, final settlement for Canadian goods despatched to Ecuador must be effected in United States dollars. However, when quoting in Canadian dollars a clear indication should be given of the exchange allowance granted to convert these offers into United States funds.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING JULY 27, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, July 27, 1942, and for the week ending Monday, July 20, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending July 20	Nominal Quotations in Montreal Week ending July 27	Official Bank Rate
Great Britain	Pound	4.8666			
	Buying		\$4.4300	\$4.4300	2
	Selling		4.4700	4.4700	—
United States	Dollar	1.0000			
	Buying		1.1000	1.1000	1
	Selling		1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
	Bid		4.4200	4.4200	—
	Offer		4.4800	4.4800	—
Other British West Indies	Dollar	1.0138	.9313	.9313	—
Argentina	Peso (Paper)	.4245			
	Official		.3304	.3304	3½
	Free		.2622	.2623	—
Brazil	Milreis (Paper)	.1196			
	Official		.0673	.0673	—
	Free		.0571	.0571	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
	Official		.0573	.0573	3-4½
	Export		.0444	.0444	—
Colombia	Peso	.9733	.6343	.6343	4
Venezuela	Bolivar	.1930			
	Official		.3313	.3313	—
	Free		.3324	.3324	—
Uruguay	Peso	1.0342			
	Controlled		.7307	.7307	—
	Uncontrolled		.5854	.5854	—
South Africa	Pound	4.8666			
	Bid		4.3862	4.3862	3
	Offer		4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
	Bid		4.5380	4.5380	—
	Offer		4.5906	4.5906	—
India	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
	Bid		3.5300	3.5300	3
	Offer		3.5760	3.5760	—
New Zealand	Pound	4.8666			
	Bid		3.5440	3.5440	1½
	Offer		3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

C. H. PAYNE, Director

Argentina

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Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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MARKET FOR IRISH MOSS IN THE EASTERN UNITED STATES

L. H. AUSMAN, ASSISTANT TRADE COMMISSIONER

New York, July 3, 1942.—Commercial Irish moss, or carrageen moss (*chondrus crispus*), is a dark purple, branching cartilaginous seaweed found mostly on the coasts of northern Europe and North America. Dried and bleached, it is commonly used in connection with many industrial products. The gelatinous material extracted from the moss is used in the manufacture of pharmaceuticals, soap, paint, boiler water compounds, in non-settling chocolate drinks and in the brewing, textile and leather, and other industries.

Consumption of Irish moss in the United States is difficult to estimate, but trade sources suggest that it may range from 800 to 1,200 tons per year. Production on the New England coast is particularly important. The value of the crop in Massachusetts in 1941 was in excess of \$100,000, although from year to year there does not appear to be any constant trend. The variation in the supply of Irish moss seems, according to one authority, to be governed largely by the inclination of local fishermen to engage in the business. Some seasons a large number of persons gather the seaweed, while in other years only a few are thus employed, with a resulting increase or decrease in production. At times, however, severe storms on the coast do a great deal of damage to the fishery, tearing the seaweed from the rocks and scattering it widespread over long stretches of the beach.

IMPORTS AND EXPORTS

United States imports of unmanufactured moss, seaweeds and similar substances from 1923 to 1930 were valued at from \$324,500 to \$563,700, but in recent years there has been a considerable decline. According to Customs records, the following countries have supplied moss, other than peat moss, to the United States during the last four years.

United States Imports of Moss, Seaweeds, Etc.

	1937	1938	1939	1940
France	\$102,383	\$65,034	\$75,515	\$65,227
United Kingdom	10,576	1,814	2,561	20,026
China	58	....	231	455
Italy	107	182	28	352
Australia	373	1,311	464	340
Eire	652	33	....	311
Canada	3,248	510	79	71
Hongkong	355	12	103	46
Yugoslavia	1,143	....	1,226	40
Japan	1,600	1,794	525	18
Norway	1,597	1,512	1,758	....
Portugal	2,422	4,813	3,283	....
Other countries	167	250	171	....
Total	\$124,681	\$77,265	\$85,944	\$86,886

Irish moss is not the product supplied from all these sources, but it probably accounts for the greater part of the imports under this heading. Imports during the first nine months of 1941 were valued at \$35,380, of which Canada supplied to a value of \$729. The countries credited with the greatest values during this period were Eire (\$19,300) and the United Kingdom (\$6,099).

Exports of moss have not been recorded by the Customs Service since 1923. It is understood that shipments to South America increased during 1941, but it is not possible to obtain definite figures. In any case the quantity involved would be small in comparison with domestic consumption.

METHOD OF COLLECTION

Canadian producers of Irish moss may be interested in the practices of those who gather the product in the New England States, although it is an interesting commentary on the industry that mossers to-day are still using the same methods as did their forbears. The following description of the methods employed is provided by Mr. Melville J. Fraser, former Senior Fishery Marketing agent of the United States Fish and Wildlife Service, Boston, Mass.:—

All the mosser requires for equipment is a 12-foot dory, a pair of oars, a long-handled fine-toothed rake, a gallon of oil, an anchor and a creel to carry the moss from the dory to dry land. The rake is made especially for the purpose. It measures 12 to 15 inches across and has from 24 to 28 teeth 6 inches long, with a space of about $\frac{1}{8}$ inch between the teeth. The rakes have handles 15 to 20 feet long and are used from the dories. A small portion of the crop is gathered by hand.

Two and one-half hours before ebb tide the mosser dons oilskin overalls and rubber boots and sets out in his dory. As indispensable as his pulling rake is his bottle of oil. If the wind is sufficient to ruffle the water and cut down his view of the bottom, a few drops of oil will "slick" a surprisingly large area, so that the mosser may even see little crabs scuttling among the rocks.

Some of the mossers make arrangements to get a tow to the mossaing grounds behind a motor boat, while others have motorized their own dories. On the grounds, the mosser writes his own ticket. It takes a while to become an expert mosser, for there is a real knack to it. But a mosser with a strong back and a good pair of hands is able to rake in at least 400 pounds during the two hours before and after low tide.

The actual operation finds the mosser first sprinkling oil on the water to make it clear. Then he drifts with the tide or wind, scraping the rocks as he goes. The tough job is balancing the boat and holding it in the wind on a blowy day. This is where the oldtimers have an advantage over the neophytes. The elements have much to do with one's success.

Mossers seldom go out during a storm or a strong blow, and a choppy sea can make the operation exceedingly difficult. Since one can moss only $3\frac{1}{2}$ to 4 hours on the ebb tide, it is imperative that no time be wasted.

At very low ebb the mosser forces his dory among the rocks as near shore as he can and pulls the carrageen by hand. If the crop is exhausted, he wades to other rocks which he practically strips, a practice not harmful, since a rock may become almost bare of carrageen yet become completely covered again within three months. Moss gathered in this way yields a high price for food and drug purposes; that gathered for its paint or textile use lies from 1 to 14 feet below ebb tide.

Standing in his dory, the mosser pulls the long flexible rake toward him, running the head along the surface of the rock to gather his catch of weed. After the mosser has pulled for about four hours, filling his boat to the gunwales, he takes advantage of the flood tide to make his way back to the bleaching beds.

Upon his return to shore, he packs his catch in wooden creels and carries it up to the scales, where the brokers record the weight.

In the old days the moss was loaded into a hand barrow and carried into the plat, where it was spread out in a thin layer on the sand. There it was left to weather a week or so, with occasional washings in hand tubs. Day after day the carrageen turned from deep purple through wine red to straw colour. Then the mosser turned and raked his harvest.

However, that was a slow process. To-day, the vat cuts bleaching time to a few days. Two years ago, when the moss brokers wanted a method of curing that would handle large quantities, they thought of the washing machine. Now one of the Massachusetts beaches is equipped with a big tank and two motors. One motor controls the continual flow of water pumped from the ocean, which sprays the moss in the tank. The other turns the giant paddles that beat the moss. At any time of day from June to September one can see strong-armed lads, stripped to the waist on the vat platform, forking the dripping moss into the vat or wheeling the heaped barrows to the drying plats over two-foot walking planks of wire mesh spread on the sand. They got the idea of wire mesh on sand from the British army's experiments in desert warfare.

From the vat the moss descends to a picking table of steel mesh that runs as an endless belt. Here the moss parts with those periwinkles, crabs, fleas and rock eels that did not come out in the vat and which left to decay in the moss would cause bacterial decomposition.

MARKET REQUIREMENTS

The Irish moss in greatest demand in the United States is relatively fine in texture and sun-bleached to a light amber colour. It is graded as to degree of texture and colour and is purchased by grade or sample according to the use for which it is required. To speed the bleaching process sulphur dioxide is sometimes used, but moss so treated is not suitable for food or drug purposes. A much more acceptable product is obtained by turning and sprinkling the moss with seawater during the drying process.

The moss should be thoroughly dry, with a maximum of 10 per cent moisture, before packing. All foreign matter such as sand, stones, etc., must be removed, since for certain purposes, such as a filler or sizing in the manufacture of textiles, these impurities result in an inferior product. It may be either baled under pressure or packed tightly in jute bags generally containing from 150 to 250 pounds.

PRICES

In recent years there has been a wide variation in the prices paid for Irish moss. It is reported that in the fall of 1941 fishermen in Massachusetts received two cents per pound for moss right out of the ocean as compared with one cent in the preceding year. Brokers sold the material for from seven to seventeen cents a pound, depending on its quality and whether it was sold green or cured.

As shown by the foregoing import figures, France was the principal source of supply of Irish moss before the United States entered the war. The approximate price paid for what is termed "commercial bleached grade" was recently eight cents per pound c.i.f. New York, but in former years it is said to have been brought in for as low as four cents per pound delivered. There

were, of course, better qualities available at higher prices, but a large part of the imports was apparently bought at prices ranging from eight to seventeen cents per pound.

Last season Irish moss was bought in Canada for twenty cents per pound, but some buyers may be prepared to pay slightly more this year for moss of good quality and cure. One importer states that the present market price is from eighteen to twenty-seven cents per pound or even higher, according to quality.

Irish moss enters the United States free of duty from all sources.

OPPORTUNITIES FOR SALES OF CANADIAN MOSS

In view of the elimination of France as a source of supply of Irish moss, fishermen in the Maritime Provinces of Canada may find a market for this product in the United States provided they are able to meet the requirements as to quality. Without definite commitments, however, care should be taken to avoid over-production. Present high prices are said to have led domestic producers to plan for a relatively greater harvest this season and, with good weather, it is probable that they could produce sufficient to take care of the entire demand.

There would appear to be some demand for Canadian moss, however, to the extent perhaps of several hundred tons. Prospective suppliers are requested to communicate with the Commercial Intelligence Service, Department of Trade and Commerce, Ottawa, or with the Canadian Government Trade Commissioner, 620 Fifth Avenue, New York City, providing the fullest possible information regarding their activities and the quality of their product.

ASSISTANCE TO AGRICULTURE IN SOUTH AFRICA

J. C. MACGILLIVRAY, CANADIAN TRADE COMMISSIONER

Cape Town, June 12, 1942.—In the Union of South Africa agriculture is subject to a high degree of state paternalism, a feature which is inevitable in a country not well endowed by nature for farming but where it is the policy of the Government to raise the income of the agricultural community. This is made possible by the wealth of the Union's mineral resources, the gold mines in particular being such rich producers that it is relatively easy to transfer income by means of price regulation and subsidization from consumers and taxpayers to agricultural producers.

To do this a comprehensive and also fairly complicated regulatory system has been built up, that extends to almost all branches of agricultural and pastoral production and has an important bearing on the economic and social life of the country as a whole.

First there is an Agricultural Advisory Board to advise the Minister of Agriculture on pertinent matters, which has been in operation since 1920 but is now largely inactive. There is also a Perishable Products Export Control Board, constituted in 1926. The principal guiding and regulating body for agriculture is, however, the National Marketing Council, which is based on the Marketing Act, 1937, and its amendments. This measure provides for the orderly regulation of the production and marketing of agricultural products by regulatory boards on which the various interests are represented and for the grading and standardization of agricultural products. This same Act also makes provision for the establishment of the National Marketing Council, which may be regarded as the principal body delegated to advise the Minister on marketing schemes and marketing policy in general and to supervise the activities of the Boards.

The Marketing Act did not initiate the different price assisting schemes. It simply superseded and took over various measures which had formerly been in effect as part of the policy of assisting agriculture. Thus, as regards wheat the protected price level dates to 1919, and the chicory industry was likewise fostered after the last world war when supplies from Europe were cut off. The protection of sugar goes back to the Imperial War Conference of 1919, while other protective measures became more marked as a result of the depression period of the early thirties. In the interval all these protective measures have been augmented and increased.

The National Marketing Council is the most important vehicle of agricultural control and subsidization. It acts as an advisory body in connection with the decisions of its subsidiary regulatory boards (which will be referred to later in this report), and in addition it exercises supervision in a general way over the operations of all marketing schemes promulgated under the Marketing Act.

The personnel of the National Marketing Council consists of a Chairman, a Deputy Chairman and three ordinary members, all of whom must be appointed by the Governor-General; an additional member may, if necessary, be added. The Chairman and his deputy must be officials of the Department of Agriculture and hold office during the pleasure of the Governor-General; the others are appointed for a period of four years but may be re-appointed upon the expiration of this period. In practice, the Chairman is the Deputy Minister of the Department of Agriculture. This Chairman and his deputy may be paid such allowances, in addition to their salary as officers in the public service, as the Governor-General may determine. The other members, all of whom are on a full-time basis except the Chairman, are remunerated at a specified rate.

FUNCTIONS OF THE NATIONAL MARKETING COUNCIL

The functions of the National Marketing Council, as laid down in the Marketing Act, may be itemized as follows:—

1. To examine and report to the Minister upon any marketing scheme for the establishment of regulatory boards referred to it by the Minister.
2. To prepare marketing schemes under the direction of the Minister.
2. To examine schemes in operation and to report thereon.
4. To assist in the organization of regulatory boards.
5. To supervise the auditing of the books of the regulatory boards.
6. To transmit to the Minister, with its report and recommendations thereon, the decisions of regulatory boards dealing with restrictions of production and sale and price fixing.
7. To inquire into the marketing of any product on any market.
8. To advise regarding the prohibition or regulation of importation into or exportation out of the Union of any product.
9. To advise in regard to any matter within the purview of the Minister, under the Marketing Act, and to perform any other duties as the Minister may from time to time assign to it.

The Marketing Act further authorizes the Council to take evidence under oath for the purpose of any inquiry within its purview. It may subpoena witnesses, examine books, records and documents, and also require its subsidiary regulatory boards to furnish whatever information it may require. Since its inception the Council has submitted more than thirty-five reports covering practically all phases of agricultural production and marketing.

The Act also provides for the establishment of a Producers' Advisory Committee and a Consumers' Advisory Committee to represent respectively the interests of producers and consumers. Each consists of eight members appointed by the Minister of Agriculture and, while both Committees are

existent they are largely inactive. The Marketing Council and its various control boards have protected the agrarian interests to such an extent that further assistance is unnecessary, while the consumers, who pay the high prices demanded for agricultural products, are largely inarticulate, and the voice of their Advisory Committee is seldom heard.

REGULATORY BOARDS

Mention has been made of the regulatory boards coming under the jurisdiction of the National Marketing Council. These are thirteen in number and cover all important branches of agriculture. The functions and scope of each are defined by statute within the framework of the Marketing Act. The main objective of each is to raise prices with which is correlated orderly marketing, grading of produce and, in some cases, financing. The designations of the various boards are as follows: Dairy Industry Control Board; Tobacco Industry Control Board; Mealie Industry Control Board; Wheat Industry Control Board; Dried Fruit Board; Deciduous Fruit Board; Chicory Control Board; Citrus Board; Live Stock and Meat Industry Control Board; Wool Council; Egg Levy Advisory Board; Veterinary Board; Hides and Skins Advisory Board.

Three of the control boards have fewer than five persons in their employ. Some of the others, however, are much larger. The Wheat and Maize Boards, on account of the wider scope of the respective schemes, have the largest personnel, each being allotted over one hundred employees. For instance, the entire marketable crop of wheat is taken over by the Wheat Board's agents, and the Board regulates the distribution of supplies between all millers. Likewise arrangements are made by the Board for the importation and distribution of wheat to cover any local shortage. In addition to the numerous transactions with agents and millers, which are involved in the sale of the local crop, the Board must collate threshing-machine returns as well as the stock sheets of millers and agents in order to regulate disposal and storage. The Wheat Control scheme also extends to flour and other wheat derivatives.

The maize scheme primarily involves the collection of a levy on maize sold to over 3,800 traders and millers, whose returns have to be scrutinized and verified by periodic inspections. Further, the scheme provides for supplementary payments to about 50,000 producers. In addition the Board controls export shipments by means of permits and pays compensation to the shippers. Finally, there is the administration of the levy rebate, which is granted when maize is used as a stock feed and for industrial purposes.

Funds are raised by means of levies imposed on various agricultural products when sold in the domestic market, the proceeds of which are used for the purpose of subsidizing the producers. These are butter and cheese, slaughter stock, maize, wheat, tobacco, citrus fruit, deciduous fruit, dried fruit, wool, hides and skins, eggs, and cotton. In the case of the levies on butter, cheese, slaughter stock and tobacco, the proceeds are practically intended for the payment of export bounties by the respective control boards. Levies payable on the other products mentioned are for purposes other than the payment of export bounties.

STABILIZATION OF PRICES

All the agricultural marketing schemes in force in South Africa are, as already mentioned, operating to benefit the local producers. In view of the low level of agricultural prices as compared with those of other goods, the prices of such products as maize, wheat, dairy products, meat, chicory and tobacco are, in this country, stabilized above world values. In the case of maize a fairly high levy is collected from local consumers, part of which is used to make

supplementary payments to producers. An export subsidy is also paid, and by raising export parity it further increases the local price level to consumers and also raises producers' prices.

Wheat prices are fixed outright by the Wheat Industry Control Board, and the prices of flour and other products, similarly fixed by the Board, are based on these. Levies for the protection of the wheat and milling industry are thus passed on directly to consumers, and the premium they must pay is high. In tobacco there are restrictions on the importation of leaf, and local producers' prices raise the cost to purchasers of cigarettes and pipe tobacco.

Before the introduction of the Dairy Products Marketing scheme, the local prices of dairy products were raised by payment of export subsidies by a levy of 1d. per pound on butter and cheese, which was collected by the Dairy Board. The domestic prices of these products are now maintained above export realizations simply by fixing them. The same applies to sugar, although this product is controlled by special statute and does not come under the Marketing Act. It is obvious, therefore, when present prices are compared with those which would have ruled for the same products for export, that a substantial financial burden is placed on the consuming public. Apart from this transfer of income from consumers to producers and manufacturers of controlled products, there is a similar transfer when the State gives direct assistance. At present the main item coming under this heading is transportation rebates on agricultural products and implements.

The State is also directly assisting the maize industry. The last annual report of the National Marketing Council contained a rough estimate, which is subjoined, of the amount of assistance given to producers and manufacturers in the controlled industries, although it is explained that the entire amount does not accrue to farmers. It is pointed out that in dairying there are too many factories and too few of suitable size. The result is that they require an additional manufacturing margin.

In the wheat industry it is estimated that probably £500,000 a year could be saved if the mills were rationalized. The cost of protecting the Union's flour mills is, however, not included in the figures given below.

Estimated Cost of Principal Price-raising Measures, 1939-40

	To Consumers	To State
Wheat	£ 900,000	.....
Maize	1,325,000	£ 790,000
Butter and cheese	1,150,000	280,000
Tobacco	450,000	.....
Transportation rebates .. . . .	.....	1,350,000
	£3,825,000	£2,420,000

ASSISTANCE TO OTHER BRANCHES OF AGRICULTURE

Apart from the foregoing, there are other important branches of agriculture that are protected, such as the manufacture of wine and spirits and the live-stock and meat and condensed milk industries. The amounts involved, however, are not readily obtainable. Of more importance is the sugar industry, where milling costs and the level of cane prices necessitate heavy protection that, according to the National Marketing Council, costs the community over £2,000,000 per year.

As already noted, the disparity between agricultural and industrial prices, and hence between farm costs and wages and urban salaries and wages, is the primary reason for price assistance to South African agriculture. It is contended, and with justification, that unless this disparity disappears or unless there is a more orderly redistribution of population between industries in proportion to their productivity, a reversal of the present policy to assist agriculture

would have marked adverse social and economic effects. It is also asserted by the Marketing Council that, in considering the present policy of agricultural assistance, the results of tariff protection to industry must not be overlooked. According to its report, the yearly cost to the community of industrial tariff protection is probably in the neighbourhood of £10,000,000. This falls to a great extent on mining and agriculture. The Council admits that the policy of agricultural protection and marketing schemes have resulted in higher prices for the main foodstuffs. It contends, however, that these are still very reasonable, and that in instances where adequate assistance cannot be given to certain branches of farming by means of a higher, but still reasonable, home price, the Government steps directly into the breach and supplements the assistance given by subsidizing their general revenue. The railway rebates and sales subsidy are cases in point.

By its recent action in further raising the level of guaranteed prices, such as in the case of wheat, the Government has indicated that it is prepared to go to extreme lengths to assist agriculture. For this reason, coupled with the shortage of foodstuffs, it is apparent that there will be no reversal of policy as long as the war lasts. What is to then follow must be bound up with the general problems of post-war reconstruction.

FOREIGN TRADE OF INDIA, 1941-42

PAUL SYKES, CANADIAN TRADE COMMISSIONER

(One Rupee is approximately equal to Can. \$0.335)

Bombay, May 18, 1942.—The annual report on the foreign trade of India must again be written in more brief and general terms than usual. Statistical reports on India's foreign trade have for some time past been published only in summary form. No details of foreign trade by commodities and countries of origin are available.

TOTAL TRADE

The total value of India's foreign trade during the year 1941-42 was Rs.4,258,460,636. The net total, apart from the value of exports of foreign merchandise, was Rs.4,105,196,911. This figure was far in excess of the 1940-41 total of Rs.3,436,990,155 and is the highest value recorded since 1929-30.

The value of exports of Indian merchandise during 1941-42 was Rs.2,372,-228,388 as compared with a figure for the previous year of Rs.1,868,994,420. Imports were valued at Rs.1,732,968,523 as against Rs.1,569,721,166 in 1940-41.

BALANCE OF TRADE

India's foreign trade is customarily characterized by a substantial favourable balance. During 1941-42 this figure amounted to Rs.639,259,865, an increase of more than 100 per cent over the 1940-41 balance of Rs.301,111,021 and considerably higher than any similar figures recorded since 1936-37.

PHYSICAL VOLUME OF TRADE

A comparison of declared unit values of the principal commodities involved in India's import and export trade during the past two years shows that there has been a generally upward trend, at times of marked extent, in the price of imports and a similar although less abrupt tendency in the case of export goods. It is apparent, therefore, that the foregoing values of imports and exports during 1941-42 are due to no small extent to an increase in prices over

those prevailing during 1940-41. Available data will not, however, permit an accurate comparison between the physical volume of India's foreign trade during these two years.

TRADE WITH THE BRITISH EMPIRE

India's trade with Empire countries underwent a large increase as between 1940-41 and the year recently ended. Imports appreciated from Rs.899,113,103 to Rs.1,056,488,329 and exports from Rs.1,166,117,078 to Rs.1,488,477,074. The percentage of imports from Empire countries to those from all sources was 60.9 while export values for Empire markets made up 62.7 per cent of those to all destinations. Both these percentages are higher than in 1940-41 when they stood at 57.2 and 62.4 respectively. These data may be regarded as of unusual significance, the capacity of Empire markets as outlets for Indian produce, quite apart from India's dependence on British countries as suppliers of many of her vital requirements, pointing unmistakably to current and probable future trends in this country's foreign commerce.

With regard to trade with individual British countries, the United Kingdom, Burma, Kenya, Canada, the Straits Settlements, and Australia ranked among the ten leading suppliers of India's imports during 1941-42. A similar situation applied in the case of export trade, the seven leading export markets for Indian produce, including the United States, having been the United Kingdom, Burma, Australia, Ceylon, South Africa, and Canada.

IMPORT TRADE BY COMMODITIES

There have been numerous alterations in the composition of India's recent trade in commodities due not only to the elimination of various sources of supply and the frequent necessity of using substitute materials but also to the far-reaching effects of import control regulations which have now been in force for two years. Imports of food, drink, and tobacco, for example, although some 15 per cent higher in value than in 1940-41, were still 20 per cent less than in 1939-40. There was a general increase in the value of such imports in 1941-42 as compared with the previous year but a comparison with 1939-40 figures shows a falling-off in the values of all imports except liquors, tobacco, and miscellaneous items. This was particularly marked in the case of grains and sugar. The respective values of imports of this group of commodities for the past three years were Rs.352,915,136, Rs.238,137,802 and Rs.278,409,689.

In the raw materials and unmanufactured products group, import values were much higher than during the two previous years. Much of this increase was due to larger imports of raw and waste cotton, although increases of some note were also recorded for oils, rubber, and seeds. The value of imports during 1939-40 was Rs.361,311,030. It increased in 1940-41 to Rs.420,985,364, and reached Rs.500,504,561 during 1941-42.

Imports of fully manufactured goods were valued at Rs.936,757,646 during 1941-42 as compared with Rs.895,092,713 in 1940-41 and Rs.918,062,834 in 1939-40. The principal features of the trade in such articles was an increase of approximately 100 per cent in the value of purchases of motor vehicles and a heavy decline in the values of cotton yarn and manufactures. Increases of minor importance were recorded in the case of machinery, non-ferrous metals, chemicals, and dyes. These increases were offset to some extent by declines in values for miscellaneous yarns and textiles, iron and steel goods, and paper and paper products.

IMPORT TRADE BY COUNTRIES OF ORIGIN

India's import trade during 1941-42 by countries of origin was characterized in a general way by substantial increases in values credited to various of these

sources of supply and in particular (1) by a slight improvement in the value of imports from the United Kingdom and (2) by a very large increase in the value of purchases from the United States.

The maintenance of a large volume of import trade from the United Kingdom is a striking tribute to the industrial and commercial communities in that country and to the maintenance of shipping services to India. The United Kingdom's traditional position as the leading supplier of India's import requirements has now, however, been threatened by the United States which has to date held a high but secondary position in this trade. The value of imports of United Kingdom products during 1941-42 was Rs.366,489,173 as compared with a value for the United States of Rs.346,008,971.

Increases in import values of more than usual importance were recorded during the year for Kenya, Australia, South Africa, Iran, and Egypt. The most notable declines were for New Zealand and Japan. It is also of interest to note in this connection that a substantial volume of trade has been maintained with Switzerland, the value of imports from this source, Rs.17,278,083, showing a moderate increase over that of the preceding year.

Statistics of imports from principal sources during the past two years are given herewith.

*Imports into India by Principal Countries, 1940-41 and 1941-42**

	1940-41 Rs. 000	1941-42 Rs. 000
United Kingdom.....	359,397	366,489
United States	270,074	346,009
Burma	286,188	294,713
Japan	215,408	117,859
Kenya	33,653	67,937
Iran	34,046	60,390
Straits Settlements	53,257	53,595
Australia	24,808	49,592
Egypt	27,465	46,921

EXPORT TRADE BY COMMODITIES

The large increase in India's export trade during the year 1941-42 was due, in the main, to improved business in cotton yarn and manufactures, tea, jute products, and grains, offset to some extent by a heavy decline in export values for raw and waste cotton.

Exports of food, drink, and tobacco increased in value from Rs.418,361,826 in 1940-41 to Rs.582,978,435 in 1941-42. The values for tea and grains accounted for most of this amount while a smaller increase in the value of exports of fruits and vegetables balanced a decline in the trade in tobacco.

In the raw materials and unmanufactured products group exports of gunnies, raw jute, non-metallic minerals, hides and skins, oils, and raw wool all recorded substantial increases but the trade in raw cotton, as noted above, fell off to a serious degree. Exports of these materials were valued at Rs.653,337,167 as compared with a figure of Rs.618,645,673 in the previous year.

There were few alterations of importance between 1940-41 and 1941-42 in the value of exports of fully manufactured products except the improved values recorded for cotton and jute goods and a decline in the case of iron and steel products. The total value of exports of these articles increased from Rs.810,699,434 in 1940-41 to Rs.1,092,581,652 in 1941-42.

EXPORT TRADE BY COUNTRIES OF DESTINATION

The most significant feature of India's export trade during 1941-42 by countries of destination was an increase of almost 80 per cent in the value of

* The Director of Censorship forbids publication of Canadian trade figures.

shipments of Indian goods to the United States. At the same time the value of shipments to the United Kingdom increased from Rs.649,251,088 to Rs.770,110,164 while other increases of more than ordinary interest were recorded for South Africa, Kenya, Australia, Russia, Iraq, Iran, Java, and Egypt. The most serious declines in export values were for Burma, France, China and Japan.

A summary statement of exports to principal countries during 1940-41 and 1941-42 is given herewith.

Exports from India by Principal Countries, 1940-41 and 1941-42

	1940-41	1941-42
	Rs. 000	Rs. 000
United Kingdom	649,251	770,110
United States	258,992	463,974
Burma	162,281	117,342
Australia	73,395	114,513
Ceylon	73,056	97,674
South Africa	30,281	66,593
Egypt	28,692	59,696
Java	10,983	48,684
Japan	90,027	45,925

SUMMARY

The trade returns on which this report is based are concerned with one of the most eventful periods in India's economic history during which this country has been thrown on its own resources to a degree which had never been anticipated, when import and export control had been widely and rigidly enforced, and when the whole economic and trade position was almost as far removed from normal as could be. The maintenance and improvement of the value, and in most cases the volume, of import and export business can accordingly be regarded as an achievement of no ordinary consequence and as a happy portent for this country's economic future.

INDIAN PLYWOOD MARKET

PAUL SYKES, CANADIAN TRADE COMMISSIONER

(One rupee equals approximately Can. \$0.335)

Bombay, May 14, 1942.—There is a substantial market for plywood in India. The demand is based primarily on the requirements of the tea industry for chests in which tea is packed for export. A subsidiary demand is for plywood in large sheets for use in building construction and repair, furniture manufacturing, and similar industrial uses. Canadian manufacturers have played a very small part in this business to date. The following report may accordingly be of some interest to such firms or their export agents.

MARKET EXTENT

Indian statistics show an average value of imports of tea chests (including battens, fittings, etc.) of some Rs.7,500,000 during the years 1935-36 to 1939-40. Imports of ordinary plywood during the same period averaged slightly more than Rs.1,000,000. No figures are available regarding domestic output of plywood for tea chests or other purposes during this period but it is thought that any such values were very small. The demands of the tea industry as compared with those of other consumers are significant.

SOURCES OF SUPPLY

Estonia has for several recent years been India's principal source of supply of tea-chest plywood. The United Kingdom has also been a large supplier of this material. Finland, Germany, and in recent years, Japan have also played an important part in the business. The trade in ordinary types of plywood has been based largely on supplies from Sweden, Japan, Norway, and the United Kingdom.

CENTRES OF CONSUMPTION

Tea-chest plywood and fittings are imported exclusively into Bengal and Madras. Of the total value of imports, 80 per cent is customarily credited to Calcutta and the remaining 20 per cent to Madras. The great bulk of imports of ordinary commercial plywood, on the other hand, is discharged at Bombay, a smaller amount at Calcutta, and still smaller quantities at Madras and Karachi.

LOCAL PRODUCTION

The difficulty of meeting ordinary demands for plywood from customary sources and of finding alternative suppliers has encouraged investigations into the availability in India of suitable woods for plywood manufacture and the establishment of a local industry. The Indian Government's Forest Research Institute has played an important part in this survey. Results to date include the erection of six plywood factories and plans for a further extension of the industry. Woods which have already been found suitable for the manufacture of several grades of plywood include mango, *semul*, and *salai*. Much of the equipment already in use is modern and efficient and the new industry, although still in its infancy, shows signs of being able to cope with a reasonable proportion of domestic demand.

OPPORTUNITIES FOR CANADIAN TRADE

Until the outbreak of the war and the elimination of imports from Europe, plywood has, on very rare occasions, been exported from Canada to India. Since that time some business has been done in tea-chest plywood as well as in ordinary commercial types and several grades especially adapted for use in the construction and repair of aircraft.

The greatest obstacle to the development of the business has been price. Baltic birch plywood for use in tea chests has been cheaper than Canadian stocks and is regarded by the trade as of superior quality. It is generally of a whiter colour and smoother finish than the Canadian product. In the case of other plywood for use as building or manufacturing material, Scandinavian and Japanese prices have invariably been more favourable than Canadian offers although the trade has found no fault with the quality of Douglas fir or hemlock plywood as supplied from the Pacific coast.

In anticipation of increased capacity, the Canadian plywood industry would be justified in endeavouring to meet the Indian demand and thereby secure a permanent share of this large and valuable trade, particularly in tea chests. Leading representatives of the tea trade have assured this office of their interest in offers from Canadian suppliers and their readiness to purchase Canadian stocks whenever they are reasonably comparable in quality and price with those from other sources.

NEW ZEALAND PRODUCTION IN 1940-41

C. B. BIRKETT, ACTING TRADE COMMISSIONER

Auckland, June 11, 1942.—Statistics just published show that during the production year 1940-41 New Zealand output attained the record value of £158,400,000, an increase of £15,600,000 or 10·9 per cent as compared with the value for the previous year.

The greatest contribution to the increase was from the pastoral group of industries, in which an advance of £10,100,000 was recorded. More killings of all classes of stock, particularly lambs, accounted for £6,300,000 of the increase.

A record level of butterfat production accounted for a £3,000,000 increase in the dairying, poultry and bees group.

The factory production proper group (excluding industries processing primary products) showed an increase of £3,600,000 or 10·7 per cent.

A decline of £1,300,000 in the building and miscellaneous industries is accounted for by restrictions in building and public works activities.

Comparative figures of production by the principal groups for the past two annual periods are as follows:—

New Zealand Production by Principal Groups

	1940	1941
	Millions of £	
Pastoral	38.4	48.5
Dairying, poultry, bees	35.9	38.9
Factory	33.5	37.1
Building and miscellaneous	15.0	13.7
Agricultural	10.1	10.1
Mining	4.9	5.0
Forestry	4.4	4.5
	142.2	157.8

As compared with production in 1931-32, the 1940-41 figures show increases in value of 98 per cent in farm production, 100 per cent in factory production, and 90 per cent in total production. In volume total production shows an increase of 47 per cent.

NOTES ON NEW ZEALAND INDUSTRY

Following are notes on the principal New Zealand industries:—

WOOL

The Minister of Agriculture recently announced that an agreement had been reached to the effect that an increase of 15 per cent in the price for wool is to be paid by the United Kingdom for the 1942-43 wool clip of New Zealand. This increase in price also applies to the purchase of Australian and South African wool. The original price for New Zealand wool was fixed in 1939 at approximately 12½d. per pound; the new average price will be slightly more than 14d.

The announcement has afforded much satisfaction to the industry, and the resulting higher returns to farmers will be of great assistance in meeting rising costs of production and handling.

On a clip of the same volume and quality as that of last season, when the return for the Dominion was nearly £14,000,000, the increase of 15 per cent will mean an additional income of over £2,000,000. The season just ending has been a satisfactory one. Judging from the record appraisalment of wool produced in the Auckland province (the first province to complete sales), the clip for the whole Dominion, which will be appraised by the end of June, should be the equal or better than that of last season.

Before this industry could be established on a commercial basis it would be necessary to obtain plant for dehydration. It is unlikely, therefore, that anything will be done with this year's apple crop, as the season is too far advanced.

TOBACCO

The chief objectives of the New Zealand Tobacco Board are the expansion and production of locally grown tobacco and its increased use in local manufacture. The 1941 harvest established a record with a production value of £3,143,355, and it is expected that production for 1942 will show an appreciable increase. A survey made some time ago showed that in one district alone there was possibility of an expansion in the area devoted to tobacco of 2,000 acres. Further surveys of likely lands are now in progress. The possibility of interruption of supplies has made it necessary for the industry to produce to the limit of its capacity.

For the seasons 1939, 1940 and 1941 New Zealand growers have received an average price of 1s. 10½d. per pound for flue-cured, and 1s. 7½d. per pound for air-dried leaf. The minimum price below which raw leaf could not be sold had been the same for the four previous seasons—1s. 2d. per pound. The regulations have protected both the grower and the manufacturer.

HONEY

There is a serious shortage in honey this season throughout New Zealand. Practically none is available for the ordinary retail trade. Owing to a poor season, the increased demand for honey and the shortage of labour, there is a shortage of from 1,000 to 1,200 tons of this product. As a result New Zealand has been unable to supply the 460 tons required by the United Kingdom this year. Honey is urgently required for the army and for hospitals in New Zealand.

EXPORTS OF PRODUCE

The New Zealand Minister of Marketing recently issued a statement in respect of shipments of dairy produce and meat from the Dominion this season. By the end of July, the close of the dairying year, there is not likely to be an embarrassing surplus of dairy produce. Meat exports have continued satisfactory, and the estimate of the carryover on September 30 next is £78,000, approximately the same as for last season.

BUSINESS NOTES FROM SCOTLAND

G. B. JOHNSON, CANADIAN TRADE COMMISSIONER

Engineering and Shipbuilding

Glasgow, July 4, 1942.—The Deputy Chief Industrial Commissioner stated in a report recently issued that in the Scottish districts the time lost through strikes in the heavy industries has been negligible since the war began. From October, 1940, to March, 1941, the time lost through strikes in shipbuilding in Scotland was only 0·25 per cent, and in April and May of the present year the figure was 0·04 per cent. These figures represent the continuous loss of one man's work out of 400 and out of 2,500 respectively. The corresponding figures for engineering were 0·40 per cent and 0·004 per cent, or one man's work out of 250 and out of 25,000 respectively.

The record for absenteeism, however, is not so good, especially among younger men, although statements appearing in the press are probably exaggerated. No figures for absenteeism have been published. Nevertheless, this matter has been giving concern to trade union officials as well as employers. The movement by the trade unions to secure better time-keeping among the irresponsible elements has been assisted by the signing of the Russo-British

treaty announced by Mr. Eden a few weeks ago. Both the shop stewards in Clyde shipbuilding and engineering establishments and the Confederation of Shipbuilding and Engineering Trade Unions (Clyde District) have been active to reduce to a minimum irregular time-keeping. It should be realized, however, that absenteeism in some degree at least is due to illness or fatigue resulting from long hours of hard work.

Most of the material produced in the local steelworks is being absorbed, as for the past two or more years, by the local shipbuilding and engineering establishments and by the armament works, and little is left for industries not engaged directly in war work. The steelworks are now handling larger outputs than at any time since the war began. The pressure for the delivery to the shipyards of plates and sections is an indication of the drive for increased production of ships.

Raw materials for the steelworks continue in satisfactory quantities. The removal of iron railings from parks and private property is providing large quantities of scrap.

Whisky Trade

The increased duties on wines and spirits imposed by the Chancellor of the Exchequer was the outstanding feature affecting the trade during the past quarter. While some increase was generally anticipated, the sharp increase came as a surprise. The duty on spirits now stands at 137s. 6d. per proof gallon, as compared with 72s. 6d. before this war and 3s. 4d. in 1842. While supplies have been short owing to the reduction in distilling and the increased demand resulting from full employment and increased wages, it remains to be seen whether or not the demand will fall because of the prices now prevailing, which are almost double those charged prior to the war.

Export business is relatively quiet.

Paper Trade

Supplies of paper continue to be on the much reduced scale to which the country has become accustomed, and licences to obtain supplies can only be secured for essential purposes. The new licence period beginning July 1 is expected to be on lines similar to those for the period just ending. The greatest economy in the use of paper is still urgent for supplies of raw material are too short to permit any relaxing of the conservation policy regarding paper which has now been so long in existence. The salvage campaign to save paper of all descriptions for re-pulping continues.

As little paper is available for export markets, licences for export are not readily obtainable.

Timber Trade (Clyde Area)

During the past quarter imports have been small and demand has been large. As a result, the use of home-grown timber has expanded. Complaints are heard that the home-grown product is marketed too green, but wartime conditions possibly make that imperative.

EXPORTS OF RABBITS FROM IRELAND

E. L. MCCOLL, CANADIAN TRADE COMMISSIONER

Dublin, June 3, 1942.—The demand from Great Britain for rabbit skins and meat has created a thriving industry in Ireland, as trappers are receiving 2s. 6d. each, the market price either for local consumption or for shipment abroad. The rabbits are obtained by the exporters direct from the trappers, indirectly from village markets, and from farmers to whom the trappers have

sold their catch. Retail merchants as buyers are in some respects in competition with the exporter, although, after disposing of the meat to their customers, they pass on the skins to him, for which they receive from 8d. to 1s. each.

Before the war, rabbits were generally regarded by the farmers as pests, on account of their large numbers and their crop-destroying propensities. Extinction by gas or any other means was advocated. To keep them under control a bounty was paid to expand the catch and increase exports. This quasi plague has now been turned to advantage, as the trade in skins and meat has grown apace. Three methods of catching rabbits are used in Ireland: wire traps, netting, and dazzling the rabbits with acetylene lights after they are driven out of the ground by ferrets and dogs at night.

During 1940 a total of 1,500,000 carcasses were collected from farmers and trappers by central agents and sent to the factories at two or three shipping points, principally Dublin and Cork. Up to the middle of 1941 anyone could export dead rabbits and skins in any condition to buyers in the United Kingdom, mostly poultry dealers. Roughly 80 per cent were sent as meat without skins and the remainder with fur on them.

RABBIT MEAT

At the factory the rabbits are skinned, dressed and thoroughly examined. There is far less disease in rabbits than in poultry. Of the 250,000 rabbits examined by one firm during 1941, 400 were diseased; none was found to be defective by this particular packer during 1942. On the other hand, rabbit is one of the most perishable of all meats. Up to two years ago a prejudice existed against rabbit meat, due in large measure to its cheapness. Now packers state that it is in demand by the best hotels in Britain.

The carcasses are packed for export in cases of a net weight of 60 pounds each, containing 30 to 32 rabbits. These are immediately sent to a refrigeration plant, where the meat is subjected to intense, sharp freezing, so that no time is given for the blood to rise to the surface. This ensures a pink flesh, which, if a milder process were used, would become dark. About 250,000 such cases were shipped to the United Kingdom in 1941. The wholesale and retail prices of skinned rabbits in that market are about 10½d. and 1s. 1d. per pound respectively. The average weight per animal is from 2 to 2½ pounds.

In 1941 the British Government decided that they would control the importation of rabbits through the Wholesale Poultry Association, which was under the supervision of the Ministry of Food. Many members of the Association were already handling rabbits when this regulation came into force. All supplies from Ireland were divided between these members of the Association on the basis of the quantities they imported in the period September, 1938, to September, 1939. The Wholesale Poultry Association of Great Britain then arranged with the Irish Government to import rabbits from one source only. It was then decided that all rabbits should be exported to Great Britain through Eggsports, Ltd., a guaranteed company with no capital.

RABBIT SKINS

The principal grades of rabbit skins are: "full-winters," "half-wilds," "first racks," "second racks," "suckers" and "mites." In Belgium and some other production areas these categories are subdivided. Incidentally the Canadian pelt, which is very fluffy and snow white, is well regarded here. Rabbits begin moulting in the spring, and from this time until early autumn their skins are of little value. There is also serious loss during shipment in summer, as the carcasses are very perishable when exposed to heat. For these reasons the period from May 1 to September 1 has been declared by the Government as a closed season for killing.

In pre-war times the skins were dressed in Ireland, but at present this cannot be carried out, as the necessary supplies of sulphuric acid, bichromate of potash, sulphate of copper, soda ash and dyes are not available. An effort is to be made, however, towards partial preparation of pelts by a group of interested firms known as the Rabbit Development Co., Ltd. The hair to be used for hat felts will be shaved off the skin and cleaned, and good quality pelts and shaven skins will be semi-dressed. Others will be made into gelatine, while offals will provide fertilizer. At present the pelts are shipped unprepared to Britain, where the best qualities are tanned and dyed in imitation of several kinds of fur, such as seal, musquash and beaver, for making coats and for dress and hat trimmings. Some better-grade skins are also tanned for glove-making. Rabbit skins are also used by manufacturers of artificial silk, for lining of certain specialized machinery, for manes and tails of toy animals, and for making childrens' toys such as Teddy bears and dogs. A white gelatine, suitable for use by the confectionery trade, is obtained by cutting the skins into fine strips and then submitting them to a boiling process.

ECONOMIC CONDITIONS IN PALESTINE IN 1941

C. S. BURRILL, OFFICE OF THE CANADIAN TRADE COMMISSIONER

(£P.1 equals £1 sterling)

Cairo, April 25, 1942.—Final figures of the foreign trade of Palestine during 1941, both imports and exports, are high, more particularly in respect of industrial products and raw materials. This is more noteworthy in view of the fact that imports have been limited to goods of an essential character received for the greater part from neighbouring countries.

More important still is the fact that bank deposits at the end of the year had reached the record high level of £P.22,000,000, which is considerably higher than for any similar pre-war period, and it is fair to assume that this will continue to increase, unless there should be a radical change in the political situation. Even though the amount of credit granted by the banks shows a slight increase, the liquid situation is indicated by the fact that at the end of 1941 the total sum due the banks represented only 46 per cent of the total deposits, while on the outbreak of war the percentage was almost double this figure.

During 1941 the value of imports, not including mineral oils and certain other products, totalled £P.12,038,280 as against £P.11,035,454 in 1940. On the other hand, exports showed an appreciable falling-off at £P.1,361,895 as compared with £P.2,114,584 in 1940. This decline is due principally to non-export of citrus fruits.

For the year under review imports in the foodstuffs group increased by about £P.1,125,000. Grain and fodder doubled in quantity as compared with the previous year, and imports of cattle also increased considerably. There was a drop in imports of dairy products, eggs, fruit and vegetables. Among the foodstuff items, the value of imports of which shows a considerable increase, may be mentioned sugar, fish, and coffee.

Among the imports of raw materials, wood and other non-metallic construction materials showed an appreciable decline.

Textiles of all kinds show the most important increase among manufactured articles. Pharmaceutical products and chemicals, paints, drugs, paper and rubber goods are also higher as compared with 1940. On the contrary, chinaware, glassware, manufactured iron and steel, metal goods and woodenware in general, as well as articles of clothing, all showed a considerable decline.

As a consequence of the continual increase in the volume of imports and decrease in exports, the adverse balance of trade for 1941 increased as compared with the preceding year as follows:—

	1941	1940
Imports	12,038,000	11,035,000
Exports	1,362,000	2,115,000
Deficit	10,676,000	8,920,000

INDUSTRIAL PROGRESS

The following extract from *Great Britain and the East* of January 10, 1942, indicates the trend in the development of agriculture and industry in Palestine during the war years:—

After more than two years of war Palestine is able to view the immediate future with relative equanimity. A one-crop country is always peculiarly vulnerable to economic shocks and, when the events of 1940 restricted the export of citrus fruit for the time being, the outlook for Palestine looked grave. Some £20,000,000 of capital has been invested in the citrus fruit industry, and its value to the export trade has totalled about £4,000,000. It has been, in fact, the pillar of Palestine's economy and, while under the influence of Jewish capital and enterprise a number of industries have been developed, there was no likelihood in the near future that the dependence on citrus fruit would be appreciably lessened. The demand for the fruit was increasing, markets were being developed, and growers were looking forward to the time when the possible production of thirty million cases and over would be required. After the war this hope will be revived, but it is problematical how soon it will be before a war-ravaged world is in a position to absorb large quantities of Jaffa oranges and grapefruit. But the future of the citrus industry must be left to a subsequent occasion.

AGRICULTURE

Now that conditions have forced intensive agriculture on Palestine, it has been shown what can be done. The country is nearly self-sufficient as regards dairy produce and vegetables, and has made considerable headway in grain production. A further area of 50,000 dunums (one dunum equals 0.277 acre) has been put under cultivation, and it is estimated that this will double the output of cereals besides greatly increasing that of vegetables. The progress of agriculture has aroused hopes that eventually a very much greater area will be cultivated, and that Palestine will not only provide for her own rising requirements but will become an exporter. Ample land is available. The chief problem is the provision of irrigation facilities.

In industrial production, too, an advance has been made. The lack of essential raw materials has throughout handicapped the progress of industrial development in the country. In view of this limiting factor, the achievements of the last decade or so can only be described as remarkable. Among the wide range of products are cement, vegetable oils and soap, fruit and vegetable products, matches, textiles, artificial teeth, pottery, bricks and tiles, glass, printing paper and stationery, and chemicals.

The war has provided Palestine with an opportunity to establish new industries, and so far as conditions permit full advantage is being taken of it. Production now includes some types of agricultural machinery, machine tools, optical apparatus, and a host of other things. The diamond-cutting industry has been established in Palestine by immigrants from Antwerp.

EXPORT OF CATTLE FROM CANADA

WARTIME FOOD CORPORATION LIMITED AUTHORIZATION REQUIRED PRIOR TO EXPORT

By Wartime Prices and Trade Board Order No. 151, the Wartime Food Corporation Ltd. is authorized to issue to any person a licence to export cattle in such form as it may prescribe and it is provided that no licensee shall export any cattle under any such licence unless and until he has notified the Corporation of the number of each class of cattle that he desires to export and he has received the written authorization of the Corporation to export such cattle as are designated in such authorization; and no licensee shall export any cattle except those so authorized.

For the purposes of the Order "cattle" means cattle (other than dairy cattle) weighing seven hundred pounds or more each and any cattle weighing under seven hundred pounds each which become eligible for reduction in duty upon entry into the country of destination.

Collectors of customs will not permit the export of cattle as defined above unless the written authorization of the Corporation is produced. The Corporation has notified all licensed cattle exporters of this requirement and has asked them to attach the authorization to the way bill or export entry for presentation to the Canadian Collector of Customs at the frontier port of exit.

Authorizations issued at Ottawa will be signed by Mr. A. W. Peterson, Secretary of the Corporation, and in addition authorizations signed on behalf of the Wartime Food Corporation Ltd. by C. Lyster and Fred J. Bridel, Toronto, Claude E. Bain and Edward J. Johns, St. Boniface, and D. A. McKenzie and H. M. Thompson, Calgary, will also be acceptable.

TARIFF CHANGES AND TRADE REGULATIONS

United Kingdom

GIFTS NOT PERMITTED AT FREQUENT INTERVALS

The attention of persons sending gifts to United Kingdom citizens is directed to the official interpretation of the term "frequent intervals" as used in the regulations of May 21, 1941, issued by the Import Licensing Department of the Board of Trade to govern the importation of gifts (see *Commercial Intelligence Journal* No. 1948: May 31, 1941, page 681), and which included the statement that "the receipt of gifts at frequent intervals cannot be permitted".

According to advice recently received by the Canadian Post Office Department from the Postal Administration of Great Britain, "frequent intervals" is regarded as more often than one gift parcel in a calendar month. Parcels sent more frequently are liable to seizure.

The Import Licensing Department had previously ruled that the splitting up of a large parcel into several small ones in order to comply with the weight limitation of 5 pounds, is a breach of the regulations, on the grounds that it constitutes sending parcels at frequent intervals, and that such offending parcels are subject to being seized.

Union of South Africa

CURTAILMENT OF IMPORT PERMITS

With reference to extension of import prohibitions in the Union of South Africa, as reported in *Commercial Intelligence Journal* No. 1998 (May 16, 1942), page 532, Mr. J. C. Macgillivray, Trade Commissioner in Cape Town, reports that Government Notice of May 7, 1942, containing the tariff items for which import permits would no longer be issued for goods originating in non-sterling bloc countries included: Cigars and unmanufactured tobacco; extracts for perfumery; lace, lace curtaining and flouncing; shawls; Venetian blinds; wooden shingles; tiles; paper drinking and souffle cups; ice cream cups and jars; drinking straws; playing cards; paintings, etchings, pictures, calendar mounts, picture books, picture post cards; birthday, pictorial, New Year and other cards; box coverings; cameras for private use; museum specimens; antiques and works of art; second-hand magazines and periodicals imported in bulk; paper festoon decorations; confetti and carnival novelties; fancy wrapping and tissue wrapping papers; decorative cardboard containers.

CONTROL OF MATERIALS AND ARTICLES

Mr. J. C. Macgillivray, Canadian Trade Commissioner at Cape Town, reports additions to controlled materials and articles in the Union of South Africa, as reported in *Commercial Intelligence Journal* No. 2003 (June 20,

1942), pages 666-8. A Government Notice No. 967 of May 22 added Glass, Glassware and Ceramics (item 10); Alcohol, other than potable spirits (item 11); Industrial Chemicals (item 11); and a Notice of June 12 added Medical, Surgical, Dental and Pharmaceutical controlled products (item 12).

Northern Rhodesia

DUTY SUSPENDED ON CERTAIN GOODS IMPORTED BY DIRECTOR OF CIVIL SUPPLIES

A notice in the *Northern Rhodesia Government Gazette* of May 15, 1942, suspends as from April 13 the duty on beans, cassava root and meal, peas, rice, bran, ground nuts, and wheat flour when imported into Northern Rhodesia by or on behalf of the Director of Civil Supplies.

Trinidad

WHISKY, GIN AND BRANDY UNDER QUOTA

Importation into Trinidad of whisky, gin and brandy, which was prohibited from all sources, except from other British West Indian Colonies, by an order of June 25, 1941, is to be allowed from Empire sources on the basis of 50 per cent of average imports during the years 1938 and 1939, according to a notice issued by the Trinidad Control Board on July 21, 1942.

IMPERIAL MEASURES WAIVED FOR BEER AND STOUT CONTAINERS

A Trinidad proclamation of December 17, 1938, effective from January 1, 1939, prescribing the use of Imperial half pint, pint or quart containers for import of beer, ale, stout and porter (except when in containers of 5 gallons and upwards for sale on draught) was amended by a notice in the *Government Gazette* of July 16, 1942. The amendment, which is reported to be a temporary war measure, removes the restriction on size of containers which may be used for these beverages.

United States

CUSTOMS CONCESSIONS TO MEMBERS OF ALLIED FORCES

Public Law 635, approved June 27, 1942, by the United States Senate and House of Representatives, granting customs privileges to members of the armed forces of other United Nations, provides in the first section:—

"That all articles imported into the United States, its territories or possessions, including the Canal Zone and the Virgin Islands, consigned or addressed to members of the armed forces of the United Nations, other than those of the United States, who are on duty therein, which articles are intended for their personal or official use, shall be admitted free of all duties and internal-revenue taxes imposed upon or by reason of importation and all customs charges and exactions: Provided, however, that if the Secretary of the Treasury shall find that any of the other United Nations does not accord similar treatment to members of the armed forces of the United States, the privileges herein granted shall, after collectors of customs have been officially advised of such findings, be accorded to members of the armed forces of such nation only to the extent that similar treatment is accorded to members of the armed forces of the United States."

Section 2 of the Law accords free entry of articles addressed to enemy prisoners of war and civilian internees in the United States, and Section 3 free entry of articles made by members of United Nations forces or United States nationals, interned or detained by any enemy country on account of the war.

In pursuance of Section 4 of the Law requiring compliance with such regulations as the Secretary of the Treasury may prescribe, the Treasury on July 9 (T.D. 50671) promulgated the following:—

"(a) Collectors of customs shall accord entry free of duty, internal revenue taxes, and customs charges and exactions to articles within the purview of the joint resolution which

are entered, or withdrawn from warehouse, for consumption on or after June 27, 1942, and before the expiration of 6 months after the termination of the unlimited national emergency proclaimed by the President on May 27, 1941.

"(b) If any question arises as to the status of the importer under sections 1 or 2 of the joint resolution or whether articles entered under section 1 are for official use, the collector shall report the available facts to the Bureau of Customs and await instructions.

"(c) Collectors of customs shall accord free entry under section 3 of the joint resolution to articles of handicraft made by members of the armed forces of the United Nations interned or detained as prisoners of war or made by nationals of the United States interned or detained by any enemy country as enemy nationals. If free entry is claimed under section 3 for articles which appear to be to the subject of a commercial transaction, the case shall be referred to the Bureau for instructions.

"(d) The entry requirements prescribed in the Tariff Act of 1930, as amended, or the Customs Regulations of 1937 are applicable to articles for which free entry is claimed under any section of the joint resolution.

"(e) Certified or other invoices shall not be required for articles accorded free entry under any section of the joint resolution."

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING AUG. 3, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, Aug. 3, 1942, and for the week ending Monday, July 27, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending July 27	Nominal Quotations in Montreal Week ending Aug. 3	Official Bank Rate
Great Britain	Pound	4.8666			
	Buying		\$4.4300	\$4.4300	2
	Selling		4.4700	4.4700	—
United States	Dollar	1.0000			
	Buying		1.1000	1.1000	1
	Selling		1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
	Bid		4.4200	4.4200	—
	Offer		4.4800	4.4800	—
Other British West Indies	Dollar	1.0138	.9313	.9313	—
Argentina	Peso (Paper)	.4245			
	Official		.3304	.3304	3½
	Free		.2623	.2640	—
Brazil	Milreis (Paper)	.1196			
	Official		.0673	.0673	—
	Free		.0571	.0571	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
	Official		.0573	.0573	3-4½
	Export		.0444	.0444	—
Colombia	Peso	.9733	.6343	.6343	4
Venezuela	Bolivar	.1930			
	Official		.3313	.3313	—
	Free		.3324	.3324	—
Uruguay	Peso	1.0342			
	Controlled		.7307	.7307	—
	Uncontrolled		.5854	.5854	—
South Africa	Pound	4.8666			
	Bid		4.3862	4.3862	3
	Offer		4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
	Bid		4.5380	4.5380	—
	Offer		4.5906	4.5906	—
India	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
	Bid		3.5300	3.5300	3
	Offer		3.5760	3.5760	—
New Zealand	Pound	4.8666			
	Bid		3.5440	3.5440	1½
	Offer		3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

C. H. PAYNE, Director

Argentina

J. A. STRONG, Commercial Attaché, Bartolome Mitre 478, Buenos Aires (1). (Territory includes Uruguay.) *Cable address, Canadian.*

Australia

Sydney: L. M. COSGRAVE. Address for letters—P.O. Box No. 3952V. Office—City Mutual Life Building, Hunter and Bligh Streets. (Territory includes the Australian Capital Territory, New South Wales, Queensland, Northern Territory and Dependencies.) *Cable address, Canadian.*

Melbourne: FREDERICK PALMER, 44 Queen Street, Melbourne, C.I. (Territory includes States of Victoria, South Australia, Western Australia, and Tasmania.) *Cable address, Canadian.*

Brazil

L. S. GLASS, Commercial Attaché. Address for letters—Caixa Postal 2164, Rio de Janeiro. Office—Ed. "Brasilia," Sala 1110, Av. Rio Branco 311. *Cable address, Canadian.*

British India

PAUL SYKES. Address for letters—P.O. Box 886, Bombay. Office—Gresham Assurance House, Mint Road, Bombay. (Territory includes Burma and Ceylon.) *Cable address, Canadian.*

British West Indies

Trinidad: G. A. NEWMAN. Address for letters—P.O. Box 125, Port of Spain. Office—Colonial Life Insurance Building. (Territory includes Barbados, Windward and Leeward Islands, and British Guiana.) *Cable address, Canadian.*

Jamaica: F. W. FRASER, P.O. Box 225, Kingston. Office—Canadian Bank of Commerce Chambers. (Territory includes the Bahamas and British Honduras.) *Cable address, Canadian.*

Chile

M. J. VECHSLER. Address for letters—Casilla 771, Santiago. (Territory includes Bolivia.) *Cable address, Canadian.*

Cuba

C. S. BISSETT. Address for letters—Apartado 1945, Havana. Office—Royal Bank of Canada Building, Calle Aguiar 367, Havana. (Territory includes Haiti, the Dominican Republic, and Puerto Rico.) *Cable address, Canadian.*

Egypt

Acting Trade Commissioner. Address for letters—P.O. Box 1770, Cairo. Office—22 Shari Kasr el Nil, Cairo. (Territory includes the Sudan, Palestine, Cyprus, Iraq, Syria, Iran and Turkey.) *Cable address, Canadian.*

Ireland

E. L. MCCOLL, 66 Upper O'Connell Street, Dublin, Ireland (*cable address, Canadian*); and 36 Victoria Square, Belfast, Northern Ireland.

Mexico

Acting Trade Commissioner. Address for letters—Apartado Num, 126-Bis, Mexico City. Office—Edificio Banco de Londres y Mexico, Num, 30, Mexico City. (Territory includes Guatemala, Honduras, and Salvador.) *Cable address, Canadian.*

Newfoundland

R. P. BOWER, Acting Trade Commissioner, Circular Road, St. John's. *Cable address, Canadian.*

CANADIAN GOVERNMENT TRADE COMMISSIONERS—*Con.*

New Zealand

C. B. BIRKETT, Acting Trade Commissioner. Address for letters—P.O. Box 33, Auckland. Office—Yorkshire House, Shortland Street, Auckland. (Territory includes Fiji and Western Samoa.) *Cable address, Canadian.*

Panama

H. W. BRIGHTON. Address for letters—P.O. Box 222, Panama City. Office—98 Central Avenue, Panama City. (Territory includes the Canal Zone, Venezuela, Colombia, Nicaragua, Costa Rica, and the Netherlands West Indies). *Cable address, Canadian.*

Peru

W. G. STARK, Acting Trade Commissioner. Address for letters—Casilla 1212, Lima. Office—Edificio Boza, Carabaya 831, Plaza San Martin, Lima. (Territory includes Ecuador.) *Cable address, Canadian.*

South Africa

Cape Town: J. C. MACGILLIVRAY. Address for letters—P.O. Box 683. Office—New South African Mutual Buildings, 21 Parliament Street. (Territory includes Cape Province and Southwest Africa, Natal, Tanganyika, Kenya, Uganda, Mauritius, Madagascar and Angola.) *Cable address, Cantracom.*

Johannesburg: H. L. BROWN, Acting Trade Commissioner. Address for letters—P.O. Box 715. Mutual Buildings, Harrison Street. (Territory includes Transvaal, Orange Free State, the Rhodesias, Mozambique or Portuguese East Africa, Nyasaland and the Belgian Congo.) *Cable address, Cantracom.*

United Kingdom

London: FREDERIC HUDD, Chief Trade Commissioner in the United Kingdom, Canada House, Trafalgar Square, S.W.1. *Cable address, Sleighing, London.*

London: J. A. LANGLEY, Trade Commissioner, Canada House, Trafalgar Square, S.W.1. (Territory includes Home Counties, Southeastern Counties, and East Anglia; also British West Africa.) *Cable address, Sleighing, London.*

London: W. B. GORNALL, Fruit Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Canfrucum.*

London: G. R. PATERSON, Animal Products Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Agrilson.*

Liverpool: A. E. BRYAN, Martins Bank Building, Water Street. (Territory includes North of England, Lincolnshire, North Midlands, and North Wales.) *Cable address, Canadian.*

Bristol: JAMES CORMACK, Northcliffe House, Colston Avenue. (Territory includes West of England, South Wales, and South Midlands). *Cable address, Canadian.*

Glasgow: G. B. JOHNSON, 200 St. Vincent Street. (Territory covers Scotland.) *Cable address, Cantracom.*

United States

Washington: H. A. SCOTT, Commercial Attaché. Office—Canadian Legation.

New York City: D. S. COLE, British Empire Building, Rockefeller Center. (Territory includes Bermuda.) *Cable address, Cantracom.*

Chicago: M. B. PALMER, Tribune Tower, 435 North Michigan Avenue. *Cable address, Canadian.*

Los Angeles: Acting Trade Commissioner, Associated Realty Building, 510 West Sixth Street. *Cable address, Canadian.*

Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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BUSINESS CONDITIONS IN THE UNITED STATES, JANUARY-JUNE

D. S. COLE, CANADIAN TRADE COMMISSIONER

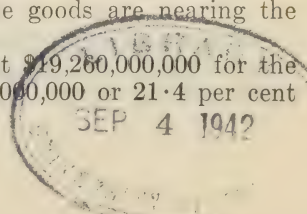
New York, July 31, 1942.—Economic conditions in the United States for the first six months of 1942, clearly reflect the results of this country's entry into the war as an active belligerent. The outstanding result has been the enormous expansion and acceleration of the nation's whole military program, with all that this has entailed in terms of money costs, industrial disruption, price disturbance and extension of government control over economic life.

The Federal Reserve Board's index of industrial production reached 180 in June as against 159 in June, 1941. Other indicators showing substantial increases over a year ago included employment, payrolls, construction, bank clearings, commodity prices and car loadings. Farmers have been enjoying increased income from farm marketings and the outlook is most favourable for another year of abundant crop production.

WAR PRODUCTION

According to the reports of the Federal Reserve Board nearly 50 per cent of the industrial output of the United States in the month of June went directly for war purposes, while a year ago 20 per cent represented war production. With only half of the nation's industries now producing civilian goods, it is expected that production of consumer goods will be still further curtailed in the near future as extensions for continued production of these goods are nearing the expiration dates set because of the war.

The War Production Board placed expenditures at \$19,260,000,000 for the January-June period of 1942, and of this total \$4,123,000,000 or 21.4 per cent



was spent in the month of June, which was almost double the \$2,230,000,000 spent in the month of January. In June, 1941, war expenditures amounted to only \$911,000,000.

In the conversion of industry from peace to war production, the automobile industry has shown a very conspicuous shift. Where practically the entire output a year ago was for civilian consumption, its production to-day is now all for war. The machinery and transportation industries have also shown a very broad changeover to war production.

STEEL INDUSTRY.

During the first six months of 1942 the production of the steel industry reached a new high peak reflecting the great demand for steel by the war industries. Production totalled 42,570,247 net tons as compared with 40,868,204 tons in the first half of 1941, a gain of over 4 per cent, and 1.4 per cent above the previous high of 41,968,742 tons produced in the last six months of 1941. Open hearth output totalled 37,889,027 tons as compared with 36,999,875 tons in the corresponding period of 1941. Bessemer production amounted to 2,798,856 tons in the 1942 period as against 2,588,550 tons in the like period of the previous year, while electric furnace production totalled 1,882,364 tons as compared with 1,279,779 tons in the 1941 period. Operations for the January-June period of this year were at 96.9 per cent of capacity, while in the corresponding period of 1941 they were at 97.9 per cent of capacity.

AUTOMOBILE INDUSTRY

Since early in February the automobile industry has ceased producing for civilian purposes and has almost entirely been converted into war production. The industry as a whole is well ahead of its schedule on its \$14,000,000,000 assignment. The Automotive Branch of the War Production Board recently announced that war shipments from the companies representing 72 per cent of the industry were 46 per cent greater in April than in February. April shipments were valued at \$420,000,000 of which 83 per cent or \$349,000,000 were war goods. On the other hand, non-war shipments amounted to \$72,000,000 or a decline from 60 to 20 per cent of war shipments of the corresponding months.

In the 432 plants of the automobile industry there were 561,480 persons employed and of these 413,656 were production workers. Man hours increased from 65,000,000 in February to 104,000,000 in April. When these plants reach maximum production, the total man hours will be 1,350,000,000 per year.

The April shipments of war goods from the automobile plants were at an annual rate of more than \$4,000,000,000, which would be at the rate of \$5,600,000,000 for the entire industry.

AVIATION

According to the Aeronautical Chamber of Commerce, United States production of military planes has increased by 85 per cent since last December and the production of aircraft engines rose by 80 per cent. The supply situation in certain critical materials is expected largely to govern the volume of output for the remainder of the year. However, on the basis of a recent production figure it is anticipated that by the end of the year United States production will be close to a rate of 60,000 planes per year.

CONSTRUCTION

The Engineering News Record reports that the total volume of construction for the first six months of 1942 was \$4,905,294,000 as compared with \$2,841,403,000 in the corresponding period of 1941, a gain of 75 per cent.

Private construction awards were valued at \$341,408,000 as against \$734,418,000 in the 1941 period, a decline of 53.4 per cent. On the other hand, public construction contracts increased by 116.6 per cent from \$2,106,985,000 to \$4,563,886,000 in the January-June period of 1942. Of the latter amount the Federal Government sponsored \$4,234,920,000, while states and municipalities sponsored \$328,966,000. Erection of public buildings accounted for almost two-thirds of the total and amounted to \$3,197,373,000.

NEWSPRINT

The News Print Service Bureau reports production of newsprint paper in North America for the first six months of 1942 at 2,297,312 tons as compared with 2,314,678 tons in the corresponding period of 1941, a decline of 17,366 tons. Of the total production, Canada supplied 1,658,174 tons or 72 per cent, the United States 483,880 tons or 22 per cent, and Newfoundland 155,258 tons or 6 per cent.

The Canadian output of 1,658,174 tons for the January-June period of 1942 was 37,040 tons or 2.3 per cent above the output of 1,621,134 tons for the like period of 1941. United States production of 483,880 tons declined by 34,215 tons or 6.6 per cent from the total of 518,095 tons in the first half of 1941. The output of Newfoundland amounted to 155,258 tons for the half year, a decline of 20,191 or 11.5 per cent from the 1941 amount of 175,449 tons.

Shipments from the United States and Canadian mills for the first six months of this year totalled 2,097,274 tons as compared with 2,127,092 tons in the corresponding period of 1941. Mill stocks in United States and Canada at the end of June amounted to 17,049 tons and 158,888 tons, respectively, or a total of 175,937 tons as against 177,963 tons at the close of June, 1941.

AGRICULTURE

The Department of Agriculture recently announced that growing conditions rarely have been better at this season of the year for the country as a whole. If present prospects are borne out at harvest time this year's crops would be the largest since 1932 and total production would be 3 per cent greater than last year. Although the wheat and corn crops will be slightly under those of 1941, large increases are anticipated for soy beans, peanuts, flaxseed, barley, sugar beets, feed grains and potatoes.

FARM INCOME

The Bureau of Agricultural Economics reports cash farm income, including government payments, for the January-May period of 1942 at \$5,098,000,000 as compared with \$3,542,000,000 in the like period of 1941, an increase of 45 per cent. Government payments for the first five months of this year totalled \$389,000,000 as against \$303,000,000 in the corresponding period of 1941, a gain of 28 per cent. Income from farm marketings increased by 47 per cent from \$3,239,000,000 to \$4,709,000,000 for the five months of 1942. Income from crops was up 39 per cent while income from live stock and live-stock products recorded a 48 per cent increase for the period. While returns from the sale of nearly all commodities have been higher than those of a year ago, the greatest increase in income was registered in the sales of soy beans, potatoes, rice, hogs, cattle, eggs, and milk.

WHEAT

The United States production of all wheat from the 1942-43 crop year is estimated at 904,288,000 bushels, or 4.4 per cent below the 945,937,000 bushels produced during the previous crop year but substantially above the ten-year (1930-39) average of 747,597,000 bushels.

All winter wheat production is placed at 675,482,000 bushels, 4,189,000 bushels over the 1941 crop of 671,293,000 bushels, and 18·6 per cent in excess of the ten-year (1930-39) average of 569,417,000 bushels. The acreage for harvest is estimated at 36,398,000 acres, or 7·9 per cent under the 1941 acreage.

Spring wheat production, including 32,521,000 bushels of durum wheat, is placed at 228,806,000 bushels as compared with 274,644,000 bushels in the previous year, a decline of 16·7 per cent, which is attributed to the large reduction in acreage in 1942.

Stocks of old wheat on farms on July 1, 1942, were placed at 159,544,000 bushels as against 87,366,000 bushels on July 1, 1941.

CORN

The indicated production of corn on July 1, 1942, was 2,627,823,000 bushels, which was slightly under last year's crop of 2,672,541,000 bushels, but far above the ten-year average of 2,307,452,000 bushels. The acreage of corn is estimated at 89,408,000, or 4 per cent greater than last year's harvested acreage of 86,089,000.

The stocks of old corn on farms on July 1, 1942, were estimated at 760,052,000 bushels, or 31·3 per cent of the 1941 production. These stocks were about 6,000,000 bushels over the July 1, 1942, stocks of 754,464,000 bushels.

COTTON

Estimates by the Department of Agriculture as of July 1 place the cotton acreage at 24,005,000, or 3·8 per cent above the 23,132,000 acres planted in the 1941-42 season. Taking into consideration normal abandonment the estimated harvested acreage will probably be around 23,525,000. With a yield of around 245 pounds of cotton per acre, a crop of approximately 12,058,000 gross bales may be anticipated.

COMMODITY PRICES

The strong demand for both civilian and military goods has resulted in a continued advance in commodity prices since the first of the year. However, with General Maximum Price Regulations being put into effect in the middle of May, price statistics have shown little advance during the closing weeks of the half-year period. In view of the fact that producers and distributors had prepared for the new regulations by building up inventories, the present lull may only last a short time and then the demand for materials again will become stronger.

The *Journal of Commerce* general index of commodity prices was at 103·6 on June 27 as compared with 91·0 on June 28, 1941, and 97·6 on December 27, 1941. There was a general increase for almost all commodity groups with the exception of iron and steel products which remained at the same level as a year ago. Building materials showed the largest price advances followed by foods and paint materials.

The following table, compiled by the *Journal of Commerce* shows the commodity price level (1927-29 equal 100) as of June 27, 1942, as compared with the level on June 28, 1941:—

	June 27, 1942	June 28, 1941
Grains	87.2	97.6
Food	105.7	83.0
Textiles	103.5	92.2
Fuel	101.2	96.0
Iron and steel	105.2	105.2
Non-ferrous metals	88.0	86.6
Building materials	137.3	110.3
Paint materials and paint	99.5	85.1
Chemicals	88.8	80.4
Pulp and paper	106.6	100.8
General index	103.6	91.0

MONEY AND BANKING

With the close of the 1942 fiscal year at the end of June, United States budget totals placed the net deficit at about \$20,000,000,000 and at the same time indicated that the public debt had risen nearly \$23,000,000,000 during the past year. The increase in debt was readily financed at low rates of interest and with no demands on the banking system which could not be easily met. For the first half of 1942 security financing showed a sharp decline with refunding of outstanding securities playing a less important part. The Government plans to step-up its program of borrowing and the Treasury Department has announced its intention to raise \$4,500,000,000 of new money during July and August.

NEW FINANCING

Security financing during the first half of 1942 fell far below the total for 1941 and throughout the period refunding of outstanding securities played a much less important part than it did a year ago. The volume of new issues was \$913,303,764, which compares with \$1,555,176,828 last year. Of the 1942 total, new financing accounted for \$485,662,588 and refunding for \$427,641,176. The comparable figures for the first half of 1941 were \$666,870,632 for new capital and \$888,306,196 for refunding.

State and municipal financing, accounting for 29 per cent of the total, amounted to \$266,943,101 as against \$503,942,561 in the January-June period of 1941. Public utility financing amounted to \$215,002,976 as against \$419,328,723, while new industrial financing totalled \$208,179,861 as compared with \$350,693,739 in the corresponding period of 1941.

GOVERNMENT FINANCING

United States government spending for the fiscal year 1942 totalled \$32,397,000,000, against which revenues totalled \$12,799,000,000. Of the government expenditures \$25,954,000,000 or 80 per cent was for war activities. Revenues were 68 per cent greater than those of the preceding fiscal year. The gross public debt on June 30, 1942, amounted to \$72,422,000,000 as compared with \$48,961,000,000 on June 30, 1941, an increase of \$23,461,000,000.

BANK CLEARINGS

The exchange of cheques at the principal clearing houses of the United States for the first half of 1942 totalled \$196,264,811,143, a gain of 11.3 per cent over the total of \$176,181,950,430 for the corresponding period of 1941.

Clearings in New York City for the 1942 period aggregated \$92,545,794,769 as compared with \$88,783,740,001 in 1941, an increase of 4.2 per cent. Cheque clearings for the country outside of New York City increased 18.3 per cent from \$87,398,210,429 in the January-June period of 1941 to \$103,719,016,374 in the corresponding period of 1942.

RAILWAY SITUATION AND CAR LOADINGS

As a result of wartime conditions the railways have been called upon to handle an enormous amount of passenger and freight traffic during the first six months of this year. According to the Interstate Commerce Commission, operating revenue of Class I railroads in the United States for the first five months of 1942 amounted to \$2,657,072,560 as compared with \$1,969,401,096 in the like period of 1941, a gain of 34.9 per cent. Operating expenses for the period totalled \$1,778,792,313 as against \$1,379,416,464 in the previous year, an increase of 29 per cent. Thus the total income for the first five months of this year was \$878,280,247 as compared with \$589,984,632 in the first five months of 1941,

a gain of 48.9 per cent. After allowing for deductions the net operating revenue amounted to \$432,968,133 or 27.2 per cent above the net operating revenue of \$340,305,883 for the January-May period of 1941.

The Association of American Railroads reports that total railroad car loadings for the first half of 1942 amounted to 21,060,005 cars as compared with 19,850,732 cars in the corresponding period of 1941, an increase of 6 per cent.

The following table shows in detail the car loadings for the first six months of 1942 as compared with the first half of 1941:—

	Jan.-June, 1942 Cars	Jan.-June, 1941 Cars	Inc.+or Dec.— Per Cent
Miscellaneous freight.. . . .	9,522,579	8,698,081	+ 9.4
Merchandise, l.c.l.	3,287,020	4,044,372	— 18.3
Coal	4,171,829	3,481,200	+ 19.8
Forest products	1,221,997	1,035,903	+ 17.9
Ore	1,203,637	1,071,381	+ 21.7
Coke	366,464	335,047	+ 9.2
Grains	979,773	903,260	+ 8.5
Live stock	306,706	281,488	+ 9.2
Total	21,060,005	19,850,732	+ 6.1

FORECAST

While it is impossible to forecast the outlook for the near future, it is certain that with material scarcities and increasing war demands, supplies of materials are not sufficient to permit the present volume of civilian use. Special efforts will be required to redistribute available supplies now excessive at some points, to reclaim materials, and to economize on the use of materials in military as well as in civilian production.

INDIAN GLASS INDUSTRY

PAUL SYKES, CANADIAN TRADE COMMISSIONER

(One rupee is approximately equal to Can. \$0.335)

Bombay, May 8, 1942.—Glassware of various types has been manufactured in India for several thousand years. The industry is not believed to have been a large one at any time, its principal products having comprised little more than bangles, bottles, and similar vessels, generally of inferior quality. Firozabad, in the United Provinces, is the traditional centre of the trade.

During the last fifty years the industry has undergone considerable expansion. It now comprises two divisions—the original cottage industry, based on hand labour and the employment of antiquated processes, and a modern factory industry using up-to-date equipment and engaged in the production of a fairly wide range of glass goods. The cottage industry is primarily concerned with the large domestic demand for bangles for personal ornament. The factory industry is also engaged in this business but its products comprise as well such articles as lamp chimneys, tumblers, jars, bottles, electric bulbs and shades, and a variety of laboratory equipment. Sheet glass is also being manufactured in one local plant.

VALUE OF PRODUCTION

It has been estimated that the annual value of glassware manufactured in India prior to 1914 was some Rs.8,000,000. By 1931, this value was believed to have increased to Rs.14,000,000 while it is now thought that the annual value of glass manufactures has reached a total of Rs.20,000,000. At this figure the domestic industry is supplying approximately one half of India's demand for glass goods of all types.

Apart from the cottage industry which is thought to comprise over 1,000 individual workshops, there are at present in operation eight hollowware factories, one sheet glass factory, two bottle factories, and forty-seven bangle factories. The number of workers in these various plants is estimated at some 50,000.

FOREIGN TRADE IN GLASSWARE

India is accustomed to import substantial amounts of glass manufactures from abroad. The average annual value of imports in recent years has been Rs.12,500,000, made up principally by values of about Rs.2,500,000 each for bangles, bottles and phials, sheet and plate glass, and miscellaneous glassware, and including a value for beads and false pearls of Rs.1,250,000, values of some Rs.500,000 each for lamp chimneys and globes, and tableware, and some Rs.100,000 for laboratory glassware. Japan has been outstanding among the various sources of supply of these goods having furnished approximately half of the total value of imports. Czechoslovakia ranks in second place, Germany third, Belgium fourth, and the United Kingdom fifth. Japan's part in the trade has been concerned primarily with bangles, beads, bottles, tableware, and miscellaneous manufactures. Czechoslovakia has supplied smaller values of the same goods. Germany has figured in all branches of the trade but notably in lamp chimneys and globes, laboratory glassware, bottles, and phials. Belgium has been the chief source of supply of sheet and plate glass. The United Kingdom has participated in the trade in laboratory glassware, sheet and plate glass, tableware, and miscellaneous manufactures.

OPPORTUNITIES FOR CANADIAN TRADE

The severity of both domestic and foreign competition renders it unlikely that Canada will ever be able to supply large quantities of glass manufactures to the Indian market. It is interesting, nevertheless, to note that small quantities of tableware and several fairly large orders for sheet glass have been purchased from Canadian manufacturers by Indian firms since the cessation of imports from Continental Europe. The business is as yet of such limited extent and duration that it is impossible to hazard any estimates as to future trends, although it may provide a basis for post-war development.

INDIAN PAPER MARKET

PAUL SYKES, CANADIAN TRADE COMMISSIONER

(One Rupee is approximately equal to Can. \$0.335)

Bombay, May 26, 1942.—A report on the Indian paper market was published in *Commercial Intelligence Journal* No. 1809 (October 1, 1938). This market has undergone drastic changes since that time and Canada has taken a much more important share of the business than ever before. The following general review of to-day's situation in the paper trade in India may accordingly be of interest to manufacturers and exporters in Canada.

MARKET EXTENT AND VARIETY

In the report in *Commercial Intelligence Journal* No. 1809, referred to above, figures were given of the quantity and value of imports of different types of paper and paper products into India during the year 1937-38. It may be of some value, as an indication of the extent of the local market for such goods, to summarize annual values of such imports since 1935-36 as follows:—

Imports of Paper and Paper Products into India, 1935-36 to 1941-42

	Value Rs.
1935-36	26,243,677
1936-37	24,627,516
1937-38	35,956,951
1938-39	27,825,219
1939-40	28,948,464
1940-41	32,910,440
1941-42	30,496,065

The extent of the market and on the whole the progressive increase in import values during the past seven years are of equal importance. With regard to the composition of the trade as between different types of paper and paper products, it can be said that there has been a steady and substantial increase in the value of most types of wrapping papers, notably kraft, also in imports of newsprint which is the largest single item in the trade. These increases have been balanced to some extent by declining values for imports of miscellaneous printing and writing papers, stationery, old newspapers, and a variety of paper manufactures.

These alterations in the values of imports of the more important types of paper and paper products have resulted from three main causes, (1) the increased demand for such goods occasioned by wartime conditions, (2) control by the Indian Government of imports of paper and its products, (3) increases in the volume and variety of paper production in India. Reference to the incidence of these factors on local market conditions is given below.

WARTIME DEMAND FOR PAPER

The outbreak of the war had been anticipated by various importers and consumers of paper in India. Many of those who could afford it laid in large stocks during 1939 and as long afterwards as the business could be continued. Consumption increased due to such influences as expanding government and army requirements and improved demand from various industries. The extension of the war throughout continental Europe was meanwhile exercising a progressive limitation on available sources of supply which tended to divert orders and inquiries to the United States, Canada, Japan, and China. The question of securing freight space also developed into an important factor in the business.

During the past year, demand for these goods has undergone many drastic changes. The Government has supported a campaign for strict economy in the use of paper stocks. Distributors and consumers have voluntarily reduced or eliminated the use of paper for many ordinary purposes. Official regulations have limited the number of pages in newspapers. It is realized, in short, that for reasons of exchange conservation, the necessity of using shipping space for more essential goods, and the possibility of employing substitute materials, paper imports must now be reduced to and maintained at as low a level as possible.

IMPORT CONTROL

The Indian Government originally introduced regulations governing the import of paper and paper products in May, 1940. These applied to non-British and to non-sterling countries. At that time the only Canadian paper or paper products affected was stationery of which previous imports had been of negligible extent. Subsequent regulations covered newsprint, wrappings, and every other type of paper and its products. The control took the form of permitting a continuance of imports up to varying percentages of the value of business in the same goods during a basic quota period. When no imports could be proved no quota or licences based on it were obtainable. In other

circumstances, however, licences are available to importers or dealers, valid for a stipulated period, and the business may be carried on with suppliers in the country concerned up to fixed percentages of previous values.

In establishing quotas the Indian Government has in general made it a rule that continued business may only extend to a certain proportion of the value of previous trade. This in itself has exercised a considerable reduction in recent imports of paper and its products. The gradual increase in prices of such goods, frequently due to freight and insurance charges rather than to f.o.b. quotations, and the basing of all quotas on values rather than on quantities has produced a similar result.

The effect of import control regulations applying to paper and paper products has had little effect on India's imports of such goods from Empire sources apart from Canada and Newfoundland since, except for imports from the United Kingdom, the great bulk of India's imports of such goods have been from continental Europe, the United States, Canada, and Newfoundland. It will be obvious, however, that the restriction of trade from such sources will be clearly reflected in later trade returns than those which are now available as far as this important group of commodities is concerned.

INDIAN PAPER PRODUCTION

The Indian paper industry has been operating under extreme pressure during the past two years. Monthly production records for 1941 show that mill output was, on an average, 50 per cent higher than averages during the previous year. This record was attained in spite of occasional shortages of imported raw materials, the difficulty of securing mill and machine equipment, and the necessity of developing new technique to cope with special and urgent demands.

Numerous steps have been taken by the Indian Government and various mills to extend the use of indigenous materials for paper manufacturing. The use of *ulla* grass, for example, in the production of wrapping papers, has now reached a high stage of development and it is believed that domestic production may eventually replace a part of former imports of kraft, imitation kraft, and old newspapers. In the same way, more efficient use is being made of bamboo and other local materials, reducing India's dependence on outside sources for the supply of wood-pulp and at the same time providing the home market with higher quality products than ever before.

This industry is accordingly passing through a period of expansion and improvement which is very similar to the one occasioned by the last war. Increased capacity and efficiency as well as independence from foreign supplies of materials and equipment will almost certainly lead to a permanent reduction in paper imports in post-war years and a corresponding improvement in the share of the local paper market held by Indian mills.

OPPORTUNITIES FOR CANADIAN TRADE

Canadian exports of paper to India have in the past comprised small quantities of writings, envelopes, and occasional shipments of paper manufactures of several types but the business has been mostly concerned with real newsprint. Import control and local competition have combined to reduce the already small value of the business in writings and other papers and paper products. There has been a very different trend, however, in the newsprint trade. Canada, Newfoundland, and the United States are now the only sources from which newsprint is available and Canada's share of this business has undergone a marked expansion from a point, where, a few years ago, the business was small and spasmodic to one, at present, where some 75 per cent of India's newsprint imports are of Canadian origin, the balance being supplied in more or less equal quantities by Newfoundland and the United States.

This predominance of Canadian newsprint in the Indian market offers an interesting opportunity to the Canadian industry of ensuring retention of a reasonable share of the business after the war. The quality of this Canadian product is widely recognized and appreciated by Indian consumers. Its price will, however, have to be maintained within reasonable range of European quotations if this objective is to be achieved.

ECONOMIC CONDITIONS IN SOUTHERN RHODESIA

H. L. BROWN, ACTING TRADE COMMISSIONER

Johannesburg, June 24, 1942.—Under existing conditions trade has been maintained at satisfactory levels, but merchants find new stocks of imported goods increasingly difficult to obtain. The building trade remains quiet with only limited activity. The following notes contain brief summaries of conditions in the more important phases of the economic life of the Colony during 1941 with indications of prevailing trends.

GOLD AND SILVER PRODUCTION

The production of gold in 1941 amounted to 790,442 fine ounces as compared with 826,485 in 1940. The decrease was due largely to the closing down of a number of small properties, to the calling-up of personnel, and particularly to difficulties in obtaining supplies. The production of silver showed a similar decrease from 186,080 fine ounces in 1940 to 170,364 in 1941. The figures for the first four months of 1942 show a continual decline for gold but indicate reviving production of silver, though this is of little economic importance. On representations by the Chamber of Mines of Rhodesia in view of higher working costs, the general basic price of gold was increased from 154 to 156 shillings per fine ounce in respect of outputs subsequent to February, 1941. It is to be noted that the value of the total gold output is computed on the fixed price of 168 shillings in London. On this basis the production in 1941 was valued at £6,639,715, a decrease of £302,760 as compared with that of 1940. Silver production in 1941 was worth £16,642, a decrease of £749 from the figure for the previous year.

BASE MINERALS PRODUCTION

The internal economy of the Colony is based largely on the gold-mining industry but strategic minerals such as chrome, asbestos, mica and iron are found and there are small undeveloped occurrences of tungsten, tin and nickel. Total base minerals production in 1941 was valued at £2,242,703, which is £36,328 higher than in 1940. Details of the production of each mineral are not published owing to wartime restrictions.

SUMMER CROPS, 1940-41

The 1940-41 season was unfavourable throughout the Colony. The maize crop, which normally requires five months of rain, was grown on a three months' rainfall with unsatisfactory results. Much of the tobacco was very late but made surprisingly good progress and general quality proved to be superior to that of the previous season. Maize was grown on 230,679 acres and yielded 1,184,751 bags. Tobacco was planted on 67,319 acres yielding the record of 36,669,519 pounds, of which 35,601,718 pounds was Virginia and 1,067,801

Turkish (green weight in each case). The crop of flue-cured tobacco realized £2,226,012 giving an average of 15·63 pence per pound while fire-cured added £24,147. The record unit price has so far been exceeded in 1942, for in the first auctions in April a total of 6,425,195 pounds of flue-cured leaf was sold at an average price of 18·9 pence per pound.

The total area under crop was 451,058 acres. In addition to maize and tobacco, the principal crops were: grain, 231,459 acres; legumes, 103,607 acres; industrial crops such as cotton, sunflowers, etc., but not including tobacco, 23,155 acres; fodders other than legumes, 20,555 acres; and pumpkins and other succulents with root crops, 4,963 acres.

Sunflowers, sunn hemp and beans and peas are grown for green manuring as well as fodder or ensilage crops and the total area thus used increased to 66,791 acres. In addition, 14,162 acres of maize were cut for ensilage.

LIVE STOCK

Poor grazing, caused by early cessation of rains in 1941, resulted in the highest losses from poverty for six years. In spite of this fact, the total number of cattle owned by European farmers increased for the fourth successive year and the total was 864,846. The proportion of pure-bred and grade stock remained at 56 per cent. Slaughterings of cattle decreased from 156,658 in 1940 to 152,446 head in 1941 due to the smaller requirements of the cold storage and canning companies. No statistics are published at present regarding external trade in cattle and meat products. In recent months of the present year, reports indicate that cattle prospects are unfavourable even though condition is being maintained in the few districts where late rains fell.

The number of sheep owned by European farmers increased from 68,713 in 1940 to 71,153 in 1941. Consumption decreased from 45,398 to 42,781 head and wool production decreased from 50,042 pounds to 45,943 pounds.

The pig industry continues to expand; numbers increased from 32,610 to 36,038. Slaughterings also increased from 31,085 head to 42,421, and production of bacon and ham rose from 1,363,337 pounds to 1,949,584 pounds.

The poultry industry also progressed; the number of birds of all kinds (mainly chickens) totalled 313,658 as compared with 311,578 in 1940. Sales of eggs attained the record of 1,104,156 dozen as compared with 960,695 dozen in 1940.

DAIRY PRODUCTION

During the first four months of 1942 the creameries manufactured 686,411 pounds of butter as compared with 845,227 pounds in the same period of 1941. In May, 1941, minimum prices had been fixed ranging from 1s. 8d. per pound wholesale for first grade. Cheese production in the first four months increased from 194,110 pounds in the 1941 period to 220,406 pounds in 1942. Cheese prices were placed under control in September, 1941, and range from 1s. 3d. per pound wholesale for first grade cheddar.

INDUSTRY

Preliminary figures from the Census of Industries, 1938 to 1940, have been made public from time to time. In 1940 there were 375 industrial plants of all types and sizes down to those with less than 6 employees of all races. About 30 per cent of these firms employed over 50 persons while about 7 per cent employed more than 200 workers. Native labour predominates and accounts for about 86 to 87 per cent of the workers in secondary industries.

PIECE-GOODS AND YARN SITUATION IN IRELAND: CESSATION AND LESSENING OF SUPPLIES FROM THE UNITED KINGDOM

E. L. McCOLL, CANADIAN TRADE COMMISSIONER

Dublin, July 27, 1942.—The local press announces that the Government of the United Kingdom has decided to reduce the quantity of cotton goods exported to Eire during the period July to September, 1942, and that no further supplies of rayon piece-goods or woollen materials are to be sent to this country for the present.

The quantity of cotton allotted to Eire in the future will be based on the amount of yarn contained in the total exports to this country of piece-goods and yarn. Heretofore separate allocations were made for yarns and piece-goods and thread yarn was exempt from control. The last-mentioned item is now included in the total export quota. As a result of these new regulations, and even taking home production of woollens into consideration, not more than 30 per cent of the local demand for all textiles can be supplied.

It is hoped that all the orders now on hand for rayon piece-goods, artificial silks, etc., will be filled by the British exporters, but, thereafter, no supplies of new rayon yarn are expected to reach Eire. At the present time it is not known whether or not any more woollen yarns will be sent here. For the four months, March-June, 1942, spinners were able to obtain from the United Kingdom only 10 per cent of normal requirements of yarn, but no supplies of raw wool or wool tops were available. It is anticipated that these restrictions will last for the duration of the war.

The local Department of Supplies is negotiating with the British authorities for a larger quota and members of the trade hope that some success in that regard will be achieved. Importers of rayon yarn are of the opinion that their quota will be pegged at 50 per cent of the 1940 figure.

RAYON YARN

Two kinds of rayon yarn are imported into Eire: continuous filament and fibro. Continuous filament is used principally for the manufacture of hosiery and fine underwear. Fibro is made from the same raw material as continuous filament yarn and is divided into two varieties, namely, cotton-spun and worsted-spun. The former is prepared on cotton spinning machinery and is used as a substitute for cotton, while worsted spinning machinery processes the latter, which is a substitute for worsted wool yarn.

CLOTHING RATIONED IN IRELAND

GEORGE SHERA, OFFICE OF THE TRADE COMMISSIONER

Dublin, June 9, 1942.—Under an Emergency Powers Order, clothing of virtually every description has been placed under government control in Eire as from June 9, 1942. From that date it will not be legal, except by surrendering the required coupons, to buy cloth or clothing (with certain exceptions) or yarns containing cotton, silk, artificial silk or wool.

During the past six or eight months there has been a steady decline in supplies of cloth and other textile raw materials coming to this country, so that it is important that existing stocks should be conserved as far as possible and that their fair distribution be ensured. This measure will also eliminate the sale of goods to persons who are not bona fide residents of this country.

The rationing scheme adopted in Eire is even more drastic than that which has been in force for some time in Great Britain and Northern Ireland. Ration books have been issued to every individual and fifty-two coupons have been

allotted for clothing for one year. Members of the same family living together may pool their coupons. Some of the coupons are not to be used until after October 1, 1942. A detailed list has been issued stating the number of coupons to be handed over for each item.

A comparison between two of the coupon requirements in this country and in Great Britain shows that in Eire 40 coupons are needed for a suit of clothes as against 26 in Great Britain, and for a shirt 13 coupons as compared with 8 in Great Britain. Hats, caps and footwear are not rationed so far, nor is second-hand clothing.

FOREIGN TRADE OF PORTUGUESE EAST AFRICA, 1941

H. L. BROWN, ACTING TRADE COMMISSIONER

(One escudo equals approximately $4\frac{1}{2}$ cents; one conto (1,000 escudos) is about \$45.00.)

Johannesburg, June 18, 1942.—Official statistics have recently been published giving details of the foreign trade of Mozambique or Portuguese East Africa during the calendar year 1941. The administration of the Colony has been divided between the Government, which controlled the southern area, and the Companhia de Mozambique, which had a complete monopoly of Manica and Sofala in the north, but the Company's concession comes to an end this month. The statistics given below cover the entire Colony.

AGGREGATE TRADE

Aggregate trade averages about \$205,000,000 annually and has not varied greatly during the past five years as shown by the totals in the following table:—

Aggregate Trade of Portuguese East Africa, 1937 to 1941

Year	Imports for Consumption	National Exports	Transit Trade		Total
			Re-exports	Imports en Route	
			Figures in Thousands of Contos		
1941	442.6	277.5	325.7	3,510.0	4,555.8
1940	431.9	243.8	239.0	3,920.2	4,834.9
1939	585.4	254.6	201.7	3,230.9	4,272.6
1938	487.8	274.1	189.3	3,637.1	4,588.3
1937	429.2	361.5	207.8	3,516.1	4,514.6

These figures indicate the obvious importance of transit trade which makes up over 83 per cent of aggregate trade. Imports in transit alone account for 78 per cent of aggregate trade and are seven and a half times as great as imports for consumption. Were it not for transit trade the aggregate of imports and exports of Portuguese East Africa would be reduced to about 17 per cent of the five-year average, or some \$34,000,000 of which importations for consumption amount to about \$21,400,000.

LOURENCO MARQUES

Lourenco Marques is a transshipment port for goods imported into the Transvaal (South African ports, of course, share this trade); Beira is a transshipment port for goods imported into the Rhodesias and Nyasaland. A note on the importance of Lourenco Marques, therefore, is not without interest. (See also "Trade through Lourenco Marques", published in *Commercial Intelligence Journal* No. 1979: January 3, 1942.)

Although conditions brought about by the war have affected trade passing through Lourenco Marques, the port has maintained its position well. In 1941 a total of 707 ships entered the port as compared with 804 in 1940. The volume of general cargo unloaded increased from 860,187 tons in 1940 to 875,988 tons

in 1941 and general cargo loaded rose from 104,531 to 127,291 tons. The loadings of minerals increased from 232,014 tons in 1940 to 564,135 in 1941, and the coal traffic increased from 312,117 to 385,976 tons. Of the total volume of goods carried over the Lourenco Marques rail system, general cargo made up 2,074,310 tons; minerals other than coal, 525,488 tons; coal, 676,315 tons; and bulk fuel, 2,552,599 tons.

Trade between Lourenco Marques and the Union of South Africa showed 529,885 tons unloaded and forwarded to the Union while 1,281,621 tons, including coal, were received from the Union and shipped. This movement is also reflected in loadings of railway trucks: 48,927 loaded and 9,065 empty were received and 30,919 loaded and 27,116 empty were dispatched to the Union.

IMPORTS BY MAIN CLASSES

The following table shows in outline the trend of importations during the past three years and the relative importance of the main types of products:—

Imports into Portuguese East Africa, 1939 to 1941

	1941		1940		1939	
	Tons	Contos	Tons	Contos	Tons	Contos
	Figures in Thousands					
Total	275.2	448.3	254.7	437.8	276.3	589.1
Live animals.	0.9	2.0	0.6	2.0	0.5	1.4
Primary materials	194.6	70.4	189.7	79.9	185.5	179.4
Textiles	4.9	102.8	4.5	88.1	5.3	93.0
Foods	58.8	130.4	36.3	99.1	45.5	100.1
Machines and tools. . . .	4.9	67.6	4.8	77.5	10.0	112.1
Manufactures, n.o.p. . . .	11.1	75.1	18.8	91.2	29.5	103.1

PRINCIPAL COMMODITIES IMPORTED

The more important commodities imported for consumption in 1941 are summarized as follows (¢ indicates contos—each equal to about \$45.00):—

Wood, 4,345 tons (¢3,549); wood products, 1,222 tons (¢3,298); tobacco, ¢807; petroleum products, 20,779 tons (¢24,686); other mineral products, 152,167 tons (¢16,327); iron and steel, 2,106 tons (¢5,852); iron and steel products, 761 tons (¢4,182); woollen goods (¢3,147); silk goods, ¢4,877; cotton goods, ¢76,330; potable spirits, ¢2,333; rice, ¢13,897; potatoes, ¢3,682; wheat flour, 7,691 tons (¢12,088); codfish, 49 tons (¢508); fish, other preserved, 992 tons (¢3,350); meats, ¢3,751; fruits, preserved, ¢1,164; milk, processed, 620 tons (¢4,908); radios, 795 instruments (¢914); agricultural apparatus and machinery, 355 tons (¢2,956); industrial apparatus and machinery, ¢6,595; refrigerators, 210 units (¢757); generators, motors and transformers, ¢1,355; instruments and tools, ¢2,756; automobiles, 542 units (¢12,110); railway material, ¢14,057; tires, ¢4,115; bicycles, ¢4,204; paper, 854 tons (¢5,412); footwear, 151,119 pairs (¢5,524); matches, ¢1,422; and medicines, ¢4,713.

COUNTRIES OF ORIGIN

Portugal is the principal country of supply, accounting in 1941 for over 36 per cent of imports into Portuguese East Africa proper, and nearly 23 per cent of the imports into Manica and Sofala. Imports from other Portuguese colonies were about 4½ per cent of the total to each part of the territory. Foreign countries supplied 59 per cent of the imports into government-controlled territory and 72 per cent of imports into the trading company's area. The principal supply countries, with respective percentages to each part of the territory in parentheses, were: United States (15 and 17), United Kingdom (11 and 20), Union of South Africa (12 and 6), India (6 and 5), Rhodesias (0.1 and 9), Canada (2 and 4), Australia (3 and 1), and Japan (2 and 3).

NOTES ON MADAGASCAR

J. C. MACGILLIVRAY, CANADIAN TRADE COMMISSIONER

Cape town, May 26, 1942.—Despite its position as an isolated and obscure Viehy dependency, inquiries have been received during the past year from Canadian exporters regarding the possibilities of Madagascar as an export market. The recent occupation of key points on the island by British military forces has aroused interest in the trade opportunities as between that territory and South Africa. Such may also be the case in Canada and, while shipping and other difficulties render the possibility of developing business relationships extremely remote, some details regarding the Colony may under the circumstances be timely.

Situated in the Indian Ocean off the east coast of Africa, from which it is separated by the Mozambique Channel, Madagascar is 995 miles in length from north to south and has an average width of about 250 miles. Its area is some 228,000 square miles, slightly less than that of any one of Canada's Prairie Provinces. Most of the interior is occupied by a central plateau, roughly quadrilateral in shape, which has an altitude of from 3,000 to 5,000 feet. Between the plateau and the sea are extensive lower-lying plains. On the east coast these plains vary from ten to fifty miles in width, but on the west they extend inland in some localities as far as 100 miles. On the whole, rainfall is abundant, and the general surface of the interior highland is made up of rolling open country characterized by red soil.

CLIMATE

The climate is tropical and varies with differences in altitude and configuration. There are two clearly marked seasons; one is hot and rainy and extends from November to April, and the other, covering the remainder of the year, is dry and cool. Temperatures vary from about 55° to 95° Fahrenheit. The coastal areas tend to be unhealthful, but the interior upland is suitable for white settlers.

POPULATION

According to the latest census (1936), the population was 3,797,936, of whom 3,758,348 were native Malagasy, 25,255 were French, and 14,343 were foreigners, including both whites and Asiatics. The Malagasy are not Negroes but of Malayo-Polynesian and Melanesian stock, akin to the peoples of the Indian and Pacific archipelagos in physical appearance, habits and customs. The chief town and capital is Antananarivo, which has a population of 119,823, including some 7,000 whites. A railway 240 miles long connects Antananarivo with Tamatave. The latter, the leading port, is situated on the east coast and has a population of 21,421. Other towns include Majunga, with 23,684 inhabitants; Diego-Suarez, 12,237; and Antsirabe, 18,215.

INDUSTRIES

Cattle breeding and agriculture are the chief occupations of the people of Madagascar. In 1936 there were about 6,000,000 cattle on the island. The principal crops are rice, sugar cane, coffee, manioc, maize, cacao, vanilla, tobacco, butter beans, lima beans, and cloves.

On the low-lying coast areas are extensive forests with many valuable woods. In addition there is an abundance of caoutchouc, gum resins, and plants for tanning, dyeing and medicinal purposes. While manufacturing has not developed to any marked extent, some silk and cotton weaving are carried on, as well as metal working and the making of panama and other straw hats. The production of various foodstuffs, such as sugar, rice, and tapioca, and the

packing of meat is carried on by members of the white population, and there are large meat-packing plants at Antananarivo, Tamatave, Majunga, Diego-Suarez and Antsirabe.

Madagascar is also rich in minerals, the full extent of which has not yet been explored and developed. At present the output is largely of graphite, mica and phosphates and, to a lesser extent, precious and semi-precious stones. The island also produces industrial minerals such as corundum and zircon.

FOREIGN TRADE

The chief exports are graphite, raffia fibre, coffee, manioc, rice, hides, sugar cane, meat, vanilla and mica. The chief imports are cotton piece-goods, machinery, iron and steel, cement, fuel oil, flour, coal, clothing, boots and shoes and automobiles.

Hitherto France has supplied most of Madagascar's imports and also purchased the bulk of the exports, a trade which has been facilitated by tariff preferences. In addition a certain amount of business has been done with the United Kingdom. According to Canadian trade statistics, exports to Madagascar had a value of \$11,922 in 1939 and \$8,486 in 1938. The respective value of imports from the Colony for the same periods are shown as \$41,084 and \$22,727, all of which are classified as raw material.

IMPORTS INTO THE UNITED STATES OF PRODUCTS UNDER THE QUOTA PROVISIONS OF THE TRADE AGREEMENT

The following table prepared by the Canadian Trade Commissioner's office in New York from preliminary figures issued by the Treasury Department at Washington, D.C., shows the standings of the quotas provided for under the Canada-United States Trade Agreement (signed November 17, 1938) up to June 27, 1942.

Unit	Total Quota	Reduction in Duty from 1930 Tariff Act	Used by Canada to June 27, 1942 Quantity Per Cent
Cattle (700 lb. or more)Head	225,000	3 to 1½c. per lb.	96,711 42.9
Cattle (less than 200 lb.)Head	100,000	2½ to 1½c. per lb.	48,408 48.4
Whole milkGal.	3,000,000	6½ to 3¼c. per gal.	2,336
CreamGal.	1,000,000	56¼ to 28¾oc. per gal.	491
Filleted fish, fresh or frozen: cod, haddock, hake, pollock, cusk and rosefishLb.	15,000,000	2½ to 1¼c. per lb.	5,728,845 38.1
Seed potatoesBu.	1,500,000 beginning Sept. 15, 1941	75 to 37½c. per 100 lb.	550,508 36.7
White or Irish potatoes, other than seed potatoesBu.	1,000,000 beginning Sept. 15, 1941	75 to 60c. per 100 lb. Dec. 1 to end of February; 37½c. Mar. 1 to Nov. 30 Free	20,630 2.0 1,678,981 64.1
Red cedar shinglesSq.	2,617,111		
Silver or black foxes, furs and articles: *Foxes valued under \$250 each and whole furs and skinsNo.	100,000 beginning Dec. 1, 1941	50 to 35% ad val.	70,661 70.6
TailsPiece	5,000 beginning Dec. 1, 1941	50 to 35% ad val.	5,000 Quota filled

* The duty on live foxes of 15 per cent ad valorem, the rate fixed in the Tariff Act of 1930, is not affected by the Agreement.

During the second quarter of 1942, Canada shipped 49,930 head of cattle weighing 700 pounds or more, other than dairy cattle, to the United States, or 96.5 per cent of the quarterly quota allotment of 51,720 head provided for by the United States. The second quarter allotment of 8,280 head from countries other than Canada was filled and receipts over and above this allotment were subject to the full rate of tariff.

The Bureau of Customs recently announced the preliminary figures showing the quantities of wheat and wheat flour entered, or withdrawn from warehouse, for consumption under the import quotas established in the President's Proclamation of May 28, 1941, as modified by the President's Proclamation of April 12, 1942, for the twelve months commencing May 29, 1942.

The quota allotment for wheat for the year was set at 800,000 bushels and of this amount Canada was allotted 795,000 bushels and in the period, May 29 to June 27, 1942, filled this allotment.

The quota allotment for wheat flour, semolina, crushed or cracked wheat, and similar wheat products was set at 4,000,000 pounds and of this amount Canada was allotted 3,815,000 pounds. During the period, May 29 to June 27, 1942, Canada supplied 3,352,059 pounds or 87.8 per cent of her allotment.

TARIFF CHANGES AND TRADE REGULATIONS

United Kingdom

SEPARATE IMPORT LICENCES REQUIRED FOR MICA

With reference to *Commercial Intelligence Journal* No. 2007 (July 18, 1942), pages 73-4, showing the import licensing position in the United Kingdom as at June 9, 1942, a notice in the *British Board of Trade Journal* of July 4 states that, with effect from August 1, the Board of Trade have withdrawn the facility whereby "mica, slabs, splittings, ground and waste" from the British Empire, Palestine and Transjordan, the Free French Colonies, the Belgian Congo and Ruanda-Urundi, may be imported into the United Kingdom without a separate licence. From that date, the notice adds, separate licences will be required even when consignments are already en route.

Application for import licence is to be made by the United Kingdom importer to the Import Licensing Department, Board of Trade, 1-6 Tavistock Square, London, W.C.1.

As the importation of licensable goods without a licence renders them liable to forfeiture without any provision for compensation to the exporter, it is important for the exporter to ascertain definitely from his customer, in advance of shipment, that the necessary import licence has been or will be granted.

Union of South Africa

VALIDITY OF IMPORT LICENCES

A South African Government notice was gazetted on June 8 to the effect that the validity of all import permits issued on and after September 15, 1941, as well as all those issued from the date of publication of the notice of June 8, was extended for an indefinite period. Previously, import permits were valid for six months from the date of issue and were subject to renewal. The formality of renewal, however, is no longer necessary.

British India

DISCLAIMER CLAUSE FOR PATENT MEDICINES

With reference to *Commercial Intelligence Journal* No. 1938 (March 22, 1941), page 364, the Import Trade Controller at Bombay recently advised the Canadian Trade Commissioner that, in order to secure exemption from import licensing in India for patent medicines, a disclaimer clause in the following form was required:

"No patent or proprietary rights are claimed in the formula or method of manufacture."

Since he forwarded the foregoing information, the Trade Commissioner has cabled that proprietary medicines from Canada, even with the proper disclaimer clause, are no longer accorded unrestricted entry, but require individual licences, as do ordinary proprietary medicines. However, it does not necessarily follow that licences are granted with equal freedom for both classes of medicines, and there may be some advantage in continuing to show the disclaimer clause for medicines for which no patent or proprietary rights are claimed.

Egypt

AMENDED IMPORT CONTROL REGULATIONS

With reference to articles in *Commercial Intelligence Journals* of November 15, 1941, page 594, and December 20, 1941, page 733, the *Egyptian Mail* of May 15, in publishing advice to importers in regard to revised import regulations, states that in order to safeguard the nation's industries by facilitating the import of raw materials and to protect the interest of recognized importers, goods are divided into: (1) Raw materials which can only be used for industrial purposes and those for direct consumption; and (2) Goods intended solely for direct consumption. Many importers, the article says, have apparently been informed that they would not be able to secure their export and manufacturing permits and reserve shipping space for goods destined for Egypt unless they are furnished with the number of the import permit as well as that of the permit issued by the Middle East Supply Centre, but that this does not apply to orders for which import permits have been delivered. In this case, the number to be furnished is that of the permit itself. It is only this number which the supplier needs. Communications concerning imports are to be sent to the Bureau of Import Permits, Ministry of Finance, which will in turn inform the competent authorities in the exporting countries.

The amended regulations are contained in Decree No. 65 issued by the Egyptian Minister of Finance on May 14, 1942. It directs persons wishing to obtain authorization for importation of the following goods to apply to the Import Permits Bureau:—

(1) Alum; (2) caustic soda; (3) bicarbonate of soda; (4) carbonate of soda; (5) dyes; (6) tanning materials; (7) raw metals; (8) raw wool; (9) iron and steel: (a) in sheets, (b) bars, plates, tubes, girders for building purposes, etc., (c) iron or steel, cast, forged or wrought, (d) tubes and tools, (e) thread or cables, (f) nails, rivets or bolts; (10) newsprint (importation is reserved for newspaper proprietors); (11) chemical products (not mentioned above); (12) medicines and pharmaceutical products; (13) colours and paints; (14) glass and pottery; (15) electrical wires and insulating wire; (16) electrical apparatus; (17) household articles; (18) spare parts for machinery; (19) lorries, tractors and spare parts; (20) batteries and electrical accumulators; (21) cigarette paper; (22) cardboard; (23) wrapping paper; (24) printing paper, etc.; (25) jute sacks; (26) cotton yarn; (27) cotton piece-goods; (28) woollen yarn; (29) woollen piece-goods; (30) artificial silk yarn; (31) cocoa; (32) spices; (33) tobacco; (34) coffee; (35) various articles not mentioned above. The importation of the articles 2 to 9 is exclusively reserved for industrial establishments and merchants who have signed contracts with them.

With regard to the following goods it is announced that import permits will be accorded only to goods imported from Turkey, Iran, East Africa, Eritrea, Abyssinia, British Somaliland, Italian Somaliland, Kenya, Uganda, Tanganyika, Nyasaland, Northern Rhodesia.

Fresh meat, cooked meat, game; fresh butter; hides; fresh or preserved fruit; citrus fruit; coconuts; ethylic alcohol; wines and alcoholic beverages, apart from whisky and gin; fruit juice, sweetened or unsweetened; jams and marmalade; mineral waters; biscuits, etc.; chocolate and pastries; honey; preserved olives, vegetables and tomato juice; ordinary salt; plaster; cement; lime; marble; tubes of sandstone or cement; stone; tiles; beds and furniture of wood or metal; objects made of sheet iron, enamelled cast iron; motor-cars; medical basins; iron safes; soap (except for shaving soap); silk goods; toilet articles; luxury articles.

Grenada

DUTY REDUCED ON COMMON SOAP

An Ordinance of Grenada (British West Indies) of April 30, 1942, reduces the British preferential tariff on common soap from 4 shillings to 2 shillings per 100 pounds, and the general tariff from 5 shillings to 3 shillings per 100 pounds. Canadian products are accorded the British preferential tariff.

United States-Uruguay

TRADE AGREEMENT SIGNED

A trade agreement between the United States and Uruguay was signed at Montevideo on July 21, 1942. It is to be proclaimed by the President of the United States and ratified by the Government of Uruguay and will go into force thirty days after the exchange of the instrument of ratification and the proclamation. Besides providing for exchange of most-favoured-nation treatment in tariff matters and making other general provisions respecting trade between the two countries, each country grants the other reductions in duty on various scheduled goods and, for some others, gives assurance that duties will not be increased or, if exempt from duty, that the exemption will be continued.

Reductions in duty are accorded to the United States by Uruguay on 81 items of the Uruguayan tariff. Expressed in percentage reductions from the existing rates they include: fresh apples, from September 1 to the last day of February, 64 per cent; canned mackerel and canned salmon, 30 per cent; canned asparagus, 30 per cent; unsweetened fruit and vegetable juices, 47 per cent; varnish, 30 per cent; tea or pitch pine, sugar pine and Douglas fir, 50 per cent; unassembled barrels, 30 per cent; cardboard of wood fibre, for construction, vulcanized fibre, roofing paper and cardboard and paper impregnated with other materials, 30 per cent; hygienic paper, 30 per cent; passenger automobiles, mostly 23 per cent; truck and bus chassis, 29 or 30 per cent; cash registers, typewriters and calculating and adding machines, 30 per cent; parts for the same, 84 per cent; storage batteries, 30 per cent; automatic refrigerators, 23 per cent; separate refrigeration apparatus, 30 per cent; washing and ironing machines, 30 per cent.

Among the Uruguayan goods on which the duty is reduced by the United States are: casein, glycerin, tallow, oleo oil and stearin, extract of meat, canned meat, flaxseed, wool, hides. The same reductions were also included in the United States-Argentine Agreement which went into force on November 15, 1941.

Canada exchanges most-favoured-nation treatment with Uruguay under a trade agreement signed August 12, 1936, and with the United States under a trade agreement of November 17, 1938, so that the tariff concessions made by these two countries to each other on certain goods are applicable to Canadian goods of the same kind imported into the respective countries.

Uruguay

CONSERVATION OF NEWSPRINT STOCK

Mr. J. A. Strong, Canadian Commercial Attaché in Buenos Aires, writes that measures have been adopted in Uruguay, under a decree of June 25, 1942, to avoid difficulties arising from the scarcity of newsprint in that country and to assure an equitable distribution of available stocks. Owners of newsprint must present a sworn declaration of stock showing quantity, quality, weight, cost price and the place where the stock is maintained, and persons in charge of places where newsprint is stored must declare it and give the name and address of the owner. The Director General of Economic Matters is authorized to set up a reserve stock of newsprint with quantities imported for the account of the State and with up to 50 per cent of paper shipments imported for the account of private parties since the date of the decree. Those wishing to obtain newsprint must apply to the Director General stating their requirements. When the application is considered not sufficiently justified it may be refused. The Director General of Economic Matters must carry a current account of the quantity of paper delivered and taken up by each company from the reserve stock. Newspapers with a deficit in their accounts must not appear with more than 56 pages a week until the deficit is covered.

WATERMARK LINES ON NEWSPRINT

Mr. J. A. Strong, Canadian Commercial Attaché in Buenos Aires, reports that a Uruguayan decree of June 12, 1942, amends the regulations which require newsprint to bear watermark lines in order to secure entry free of customs duty. The new regulation is that white paper of any kind or type in rolls or reams used exclusively for printing newspapers, periodicals and reviews must bear transparent marks, called watermarks, in the shape of parallel lines 5 centimetres apart from each other with a leeway of 1 centimetre each way. Previously the requirement was that the lines be 4 centimetres apart with a tolerance of 1 centimetre each way.

Colombia

NEW REGULATIONS ON CERTIFICATES OF ORIGIN

Mr. Edmundo de Holte-Castello, Consul General of Colombia in Montreal, advises that effective July 1, 1942, certificates of origin for shipments to Colombia, heretofore issued by Chambers of Commerce and similar institutions, will be replaced by a sworn declaration, which will be embodied in the consular invoice and signed by the shipper. Colombian Consuls will certify the shipper's signature free of charge. The new consular invoice blanks, made necessary by this change, will be sold at the Consulates at U.S.\$0.25 each sheet or U.S.\$1 for the set of four copies now required on each shipment to Colombia.

Shipments by parcel post valued under 50 Colombian pesos (about \$32 Canadian) and air express shipments of any value, which do not require consular invoices, are to be covered by a sworn declaration as to the origin of the

merchandise for which forms will be supplied gratis by the Consulates. This declaration, accompanied by commercial invoices, will be certified free of charge by the Consulates.

The utmost care is required in the proper declaration of origin of the merchandise as stringent penalties are provided by law for violations thereof.

Iran (Persia)

CUSTOMS DOCUMENTATION OF SHIPMENTS

A decree was issued by the Council of Ministers at Teheran, Iran, on February 28, 1942, to the effect that for the duration of the war importers need not present certificates of origin to the customs authorities. As to the regular procedure when the certificates of origin are required, the Canadian Trade Commissioner's office at Cairo, just before issue of the February decree, had obtained a ruling from the Under Secretary of State in the Department of Finance, Teheran, Iran, that legalization by Iran Consular authorities was not necessary and that attestation by a Chamber of Commerce sufficed. Meanwhile, instructions published on invoicing goods to Iran state that no Consular invoice is necessary, but that the exporters should furnish ordinary commercial invoices showing, as well as value and description of goods, the origin, marks, quantity, gross and net weight, and that the exporter should sign the invoice.

EXCHANGE CONDITIONS IN PERU

W. G. STARK, ACTING TRADE COMMISSIONER

Lima, July 24, 1942.—The volume of dollar exchange available in Peru continues to be sufficient to meet commercial payments regularly. The bank rate of exchange for the Peruvian sol remains steady at 6.485 soles to the United States dollar for buying and 6.50 soles for selling. Taking into consideration the official rates as between American and Canadian dollars, approximately 5.85 soles equal one Canadian dollar, or one Peruvian sol is equivalent roughly to 17.1 Canadian cents.

There is no official import or exchange control in operation in Peru but, through a semi-voluntary system, Peruvian exporters, or banks acting on their behalf, hand over their foreign exchange to the Central Reserve Bank. The latter in turn allocates its exchange to the various commercial banks in a rough proportion between their normal dealings and present requirements. The economic position of the country has been greatly strengthened by the conclusion of long term agreements with the United States for the purchase of all surplus cotton, the flax crop, and the granting of loans to assist the exploitation of needed raw materials such as rubber and for general development schemes.

According to a Supreme Decree of June 8, the importation and exportation of United States dollar banknotes are henceforth to be made exclusively by the Central Reserve Bank. All present holders of these were to deliver them to the Central Bank prior to June 30 with a statement as to their origin. The only exception is in favour of passengers entering or leaving the country who may bring in or take out up to \$100 in notes. No restrictions are placed on travellers' cheques or letters of credit, the Decree being designed only to obviate the results of clandestine operations in dollar bills.

TERMS OF PAYMENT

Regarding terms, it is recommended that Canadian exporters require terms of cash against documents for their shipments and a letter of credit if the firm

is not known to them. Ordinarily the latter arrangement is only accepted by importers under special circumstances but, due to the difficulty of obtaining goods from any source, traders are now more willing to comply. There is still a considerable volume of business being done on short credit terms of 30 to 90 days, but acceptance of these conditions is only advisable when the exporter has full confidence in the consignee's ability to pay.

When making quotations to Peruvian concerns it is recommended that shippers in Canada quote in terms of United States dollars, since, according to the regulations of the Canadian Foreign Exchange Control Board, final payment must be effected in that currency. This avoids confusion between the official and unofficial rates for Canadian dollars in terms of American funds, as well as assuring that prices are quoted in the medium of exchange that is most commonly used in this market. If quotations are made in Canadian dollars, a clear indication should be given of the exchange allowance granted to convert these offers into American funds.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING AUG. 10, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, August 10, 1942, and for the week ending Monday, August 3, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Aug. 3	Nominal Quotations in Montreal Week ending Aug. 10	Official Bank Rate
Great Britain.	Pound	4.8666			
		Buying	\$4.4300	\$4.4300	2
		Selling	4.4700	4.4700	—
United States.	Dollar	1.0000			
		Buying	1.1000	1.1000	1
		Selling	1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
		Bid	4.4200	4.4200	—
		Offer	4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
		Official	.3304	.3304	3½
		Free	.2640	.2643	—
Brazil.	Milreis (Paper)	.1196			
		Official	.0673	.0673	—
		Free	.0571	.0571	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
		Official	.0573	.0573	3-4½
		Export	.0444	.0444	—
Colombia.	Peso	.9733	.6343	.6351	4
Venezuela	Bolivar	.1930			
		Official	.3313	.3313	—
		Free	.3324	.3336	—
Uruguay.	Peso	1.0342			
		Controlled	.7307	.7307	—
		Uncontrolled	.5854	.5854	—
South Africa.	Pound	4.8666			
		Bid	4.3862	4.3862	3
		Offer	4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
		Bid	4.5380	4.5380	—
		Offer	4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
		Bid	3.5300	3.5300	3
		Offer	3.5760	3.5760	—
New Zealand.	Pound	4.8666			
		Bid	3.5440	3.5440	1½
		Offer	3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

C. H. PAYNE, Director

Argentina

J. A. STRONG, Commercial Attaché, Bartolome Mitre 478, Buenos Aires (1). (Territory includes Uruguay.) *Cable address, Canadian.*

Australia

Sydney: L. M. COSGRAVE. Address for letters—P.O. Box No. 3952V. Office—City Mutual Life Building, Hunter and Bligh Streets. (Territory includes the Australian Capital Territory, New South Wales, Queensland, Northern Territory and Dependencies.) *Cable address, Canadian.*

Melbourne: FREDERICK PALMER, 44 Queen Street, Melbourne, C.I. (Territory includes States of Victoria, South Australia, Western Australia, and Tasmania.) *Cable address, Canadian.*

Brazil

L. S. GLASS, Commercial Attaché. Address for letters—Caixa Postal 2164, Rio de Janeiro. Office—Ed. "Brasilia," Sala 1110, Av. Rio Branco 311. *Cable address, Canadian.*

British India

PAUL SYKES. Address for letters—P.O. Box 886, Bombay. Office—Gresham Assurance House, Mint Road, Bombay. (Territory includes Burma and Ceylon.) *Cable address, Canadian.*

British West Indies

Trinidad: G. A. NEWMAN. Address for letters—P.O. Box 125, Port of Spain. Office—Colonial Life Insurance Building. (Territory includes Barbados, Windward and Leeward Islands, and British Guiana.) *Cable address, Canadian.*

Jamaica: F. W. FRASER, P.O. Box 225, Kingston. Office—Canadian Bank of Commerce Chambers. (Territory includes the Bahamas and British Honduras.) *Cable address, Canadian.*

Chile

M. J. VECHSLER. Address for letters—Casilla 771, Santiago. (Territory includes Bolivia.) *Cable address, Canadian.*

Cuba

C. S. BISSETT. Address for letters—Apartado 1945, Havana. Office—Royal Bank of Canada Building, Calle Aguiar 367, Havana. (Territory includes Haiti, the Dominican Republic, and Puerto Rico.) *Cable address, Canadian.*

Egypt

Acting Trade Commissioner. Address for letters—P.O. Box 1770, Cairo. Office—22 Shari Kasr el Nil, Cairo. (Territory includes the Sudan, Palestine, Cyprus, Iraq, Syria, Iran and Turkey.) *Cable address, Canadian.*

Ireland

E. L. MCCOLL, 66 Upper O'Connell Street, Dublin, Ireland (*cable address, Canadian*); and 36 Victoria Square, Belfast, Northern Ireland.

Mexico

Acting Trade Commissioner. Address for letters—Apartado Num. 126-Bis, Mexico City. Office—Edificio Banco de Londres y Mexico, Num. 30, Mexico City. (Territory includes Guatemala, Honduras, and Salvador.) *Cable address, Canadian.*

Newfoundland

R. P. BOWER, Acting Trade Commissioner, Circular Road, St. John's. *Cable address, Canadian.*

CANADIAN GOVERNMENT TRADE COMMISSIONERS—*Con.*

New Zealand

C. B. BIRKETT, Acting Trade Commissioner. Address for letters—P.O. Box 33, Auckland. Office—Yorkshire House, Shortland Street, Auckland. (Territory includes Fiji and Western Samoa.) *Cable address, Canadian.*

Panama

H. W. BRIGHTON. Address for letters—P.O. Box 222, Panama City. Office—98 Central Avenue, Panama City. (Territory includes the Canal Zone, Venezuela, Colombia, Nicaragua, Costa Rica, and the Netherlands West Indies). *Cable address, Canadian.*

Peru

W. G. STARK, Acting Trade Commissioner. Address for letters—Casilla 1212, Lima. Office—Edificio Boza, Carabaya 831, Plaza San Martin, Lima. (Territory includes Ecuador.) *Cable address, Canadian.*

South Africa

Cape Town: J. C. MACGILLIVRAY. Address for letters—P.O. Box 683. Office—New South African Mutual Buildings, 21 Parliament Street. (Territory includes Cape Province and Southwest Africa, Natal, Tanganyika, Kenya, Uganda, Mauritius, Madagascar and Angola.) *Cable address, Cantracom.*

Johannesburg: H. L. BROWN, Acting Trade Commissioner. Address for letters—P.O. Box 715. Mutual Buildings, Harrison Street. (Territory includes Transvaal, Orange Free State, the Rhodesias, Mozambique or Portuguese East Africa, Nyasaland and the Belgian Congo.) *Cable address, Cantracom.*

United Kingdom

London: FREDERIC HUDD, Chief Trade Commissioner in the United Kingdom, Canada House, Trafalgar Square, S.W.1. *Cable address, Sleighing, London.*

London: J. A. LANGLEY, Trade Commissioner, Canada House, Trafalgar Square, S.W.1. (Territory includes Home Counties, Southeastern Counties, and East Anglia; also British West Africa.) *Cable address, Sleighing, London.*

London: W. B. GORNALL, Fruit Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Canfrucum.*

London: G. R. PATERSON, Animal Products Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Agrilson.*

Liverpool: A. E. BRYAN, Martins Bank Building, Water Street. (Territory includes North of England, Lincolnshire, North Midlands, and North Wales.) *Cable address, Canadian.*

Bristol: JAMES CORMACK, Northcliffe House, Colston Avenue. (Territory includes West of England, South Wales, and South Midlands). *Cable address, Canadian.*

Glasgow: G. B. JOHNSON, 200 St. Vincent Street. (Territory covers Scotland.) *Cable address, Cantracom.*

United States

Washington: H. A. SCOTT, Commercial Attaché. Office—Canadian Legation.

New York City: D. S. COLE, British Empire Building, Rockefeller Center. (Territory includes Bermuda.) *Cable address, Cantracom.*

Chicago: M. B. PALMER, Tribune Tower, 435 North Michigan Avenue. *Cable address, Canadian.*

Los Angeles: Acting Trade Commissioner, Associated Realty Building, 510 West Sixth Street. *Cable address, Canadian.*

Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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ECONOMIC CONDITIONS IN JAMAICA

F. W. FRASER, CANADIAN TRADE COMMISSIONER

Kingston, Jamaica, July 31, 1942.—During the past few months the people of Jamaica have been feeling the impact of wartime conditions rather more keenly than heretofore. Broadly speaking, their chief effects are manifest in a shortage of many commodities that must ordinarily be imported because they cannot be produced in the Island, restriction of internal transport facilities due to short supplies of gasoline and to the cessation of imports of tires and tubes for motor vehicles, and an all-round increase in the cost of living.

This is the situation in broad outline. It is true that the total value of imports in 1942 (i.e., for the first three months thereof, which is the most recent period of the present year for which official returns have yet been published) substantially exceeded the corresponding figure for 1941, as will be noted below in the section dealing specifically with trade, but, while individual items, notably cotton and rayon piece-goods, flour and a few others have been imported in larger quantities so far this year than in the corresponding period of last, by and large the position is that the consumer must now do with less of many of the things he had previously been accustomed to purchase and altogether without several others.

IMPORTS

(Note.—Values shown are c.i.f.)

The most recently published official trade returns show that the total value of Jamaica's imports in the three months ending March 31, 1942, was £1,497,021 as compared with £1,411,872 in the corresponding period of 1941. The increase was due, in general, to the advance of commodity prices in the 1942 period and also to the much larger importations during that period of cotton, rayon and

woollen piece-goods and condensed milk. Other but smaller increases were recorded in respect of motor-car parts and accessories, flour, lubricating oil, laundry soap and unenumerated articles. There were decreases in imports of boots and shoes; motor vehicles; tires, tubes and parts; cement; coal; dried salted fish; rice; hardware; canned meats; gasoline; and lumber. Imports of kerosene oil declined in quantity but rose in value.

In one way or another these increases and decreases in the volume of goods imported in 1942 as compared with 1941 are attributable to wartime conditions. In some cases—e.g., motor vehicles, dried salted fish, rice and gasoline—the falling-off was due to shortage of supplies in the usual countries of origin. The exceptionally heavy imports of cotton piece-goods in 1942 resulted largely from the continued development of the local manufacture of cheaper grades of clothing, referred to in a report on the import trade of Jamaica in 1941, published in *Commercial Intelligence Journal* No. 2009 (August 1, 1942), page 110. Larger imports of condensed milk have been necessary this year because for various reasons the local factory producing this commodity could not at that time supply the domestic demand to the extent that had been anticipated. Imports in 1941 were much below those of 1940.

EXPORTS

(Note.—Values shown are f.o.b.)

According to a recent official return, the total value of Jamaican domestic exports in the five months ending May 31, 1942, was £1,610,391 as compared with £1,759,448 for the corresponding period of 1941. The total for 1940 was £3,037,847; for 1939, £4,629,561; and for 1938 (which was a very good year for trade), £4,908,494.

Outstanding declines this year as compared with last occurred in respect of bananas and sugar, which are still the two most valuable export items and before the outbreak of war accounted for more than half the aggregate value of Jamaica's export trade.

In the period January to May, 1942, exports of bananas totalled 1,241,515 stems (£249,986), whereas the figures for the corresponding period of 1941 were 2,432,002 stems (£368,201). In 1938 Jamaica exported a total of 23,811,397 stems of bananas valued at £2,916,956. Exports to Great Britain, the largest market, ceased towards the close of 1940, and the British Government then arranged to subsidize the planters against their loss of that market at a fixed rate per bunch over a period of twelve months. This arrangement was continued for another year which will expire at the end of October next, after which lower prices will be paid until April, 1943, when the situation will be reviewed.

In the meantime bananas have to a large extent become an "invisible" item of Jamaica's export trade, because the larger portion of the cash proceeds of the crop does not appear in the Island's trade returns.

The exportable portion of the 1941-42 sugar crop, amounting to about 135,000 long tons, has been bought and paid for by the British Ministry of Food. Owing to wartime conditions, shipments this year have lagged somewhat.

As regards relatively minor items of Jamaica's export trade, declines took place in 1942 as compared with 1941 in coffee, dyewood extract, honey, oranges, grapefruit, and rum. Decreased quantities but increased values are recorded for raw cocoa and raw ginger. Increased quantities and values are registered in respect of annatto, orange oil, pimento, lard, margarine, and cigars. The falling-off in oranges and grapefruit was more apparent than real, because most of these fruits are now shipped in the form of pulp to the British Ministry of Food. In the five months ending May 31, 1942, exports of such pulp totalled 20,122,969 pounds valued at £168,552; no returns are available for the corresponding period of 1941. The last-named figure exceeds the combined total export values of oranges and grapefruit in 1938, 1939 and 1940, when they were respectively £135,393, £166,892 and £117,160.

The export trade in lard and margarine is the result of wartime conditions. These products have been made in Jamaica for domestic use from coconut oil for some time past. They are now shipped to nearby British countries.

TRADE CONTROL

Following the outbreak of war, the Jamaica Government appointed official representatives to control imports and exports of goods, financial dealings with parties outside the Island, and the export of currency, and to deal with numerous other matters bearing on public security. The finance regulations are similar in substance and intent to those in force in Britain, Canada and other parts of the Empire and call for no special comment.

The trade regulations have become progressively stricter and more comprehensive and, since the entry of the United States into the war and the emergence of a difficult shipping problem, they have undergone considerable development, consequent upon the close co-operation maintained between the British, Canadian and United States Governments in matters pertaining to the production and exchange of all types of goods. Since May last, when a conference of shipping and supply officers, representing the British, Canadian and United States Governments was held in Kingston, the issuance of import licences by the Jamaican trade control authority has been made more strictly dependent upon export priorities established in the United States and Canada.

The head of the Jamaica Government's trade control department recently announced to the local business community a new system based on the obvious need for the bulk movement of essential commodities. For some time all imports into Jamaica from any source were prohibited unless an official licence was first obtained, and exports were also subject to the same condition. Henceforth the Jamaica Government will take over the purchase of practically all commodities imported from the United States. The same policy will apply in respect of imports of essential goods from Canada, and individual trading will continue in minor items. In this matter the Government will deal, through its trade control department, with the proper authorities in Washington and with its purchasing agents in Montreal. The Government has increased from £500,000 to £1,000,000 the amount advanced to that Department for the purchase of goods.

As regards exports, the Jamaica Government will buy from local growers all cocoa destined for shipment abroad and will do the shipping, the main purpose being to ensure regular and sufficient supplies at reasonable prices to foreign users and also to prevent inflation and to effect an equitable distribution of the proceeds among all local interests concerned. For both imports and exports the services of private traders will be utilized so far as may be necessary and desirable. Honey and pimento, which are shipped mainly to Britain, are also subject to this policy; ginger is not yet affected but probably will be in the near future. The current arrangements in respect of coffee are that a quota for the Blue Mountain type (which is sold exclusively to Britain) has been set by the British Ministry of Food for the remainder of 1942, and fulfilment of outstanding bona fide contracts with Canada, dated before May 2, 1942, will be allowed. Negotiations are proceeding with the Canadian Government in respect of unsold balances of the present crop, but the next crop will probably be exported by the Government. The British Ministry of Food has bought the Jamaican sugar crops for the past three seasons and the citrus fruit crops (in the form of pulp) for the past two. This arrangement will be continued. Canada is the sole buyer of Jamaican cocoa and the largest buyer of Jamaican coffee.

DOMESTIC PRODUCTION

In normal times Jamaica produced considerable quantities of fresh fruit and vegetables and also laundry soap, edible coconut oil, cornmeal, cigarettes,

matches, rope, and several other articles, all for domestic use, and there was a marked tendency towards the development of home industries. However, the export trade was the normal means whereby not only the thousand and one manufactured articles needed for the maintenance of civilized life but also large quantities of foodstuffs were obtained from other countries. In 1939 the total value of imports of goods classed as "food, drink and tobacco" was £1,757,451, representing 27·7 per cent of the imports of all goods; in 1938 the figures were respectively £1,758,793 and 27·8 per cent.

This position, so radically changed by the war, was fittingly described as follows by His Excellency the Governor of Jamaica in a recent public address:

The greatest need of this country is to become as nearly self-supporting as we can. . . . It is more important that we should feed ourselves than that we should produce sugar, bananas, citrus, honey, ginger, pimento, cocoa, coffee, etc., for export. The probability is that there will be insufficient shipping available to bring here, in quantities from abroad, the food to which in the past we have been accustomed, and on the other hand there is grave doubt as to whether shipping space can be found for all the products that we may have for export. It will be small comfort to find that our warehouses are filled with such things as marmalade pulp, ginger, pimento, cocoa, coffee and sugar when our own people are suffering from hunger.

GOVERNMENT ASSISTANCE

Shortly after the outbreak of war the Jamaica Government announced, in considerable detail, a plan designed to increase the domestic output of food as a long-term insurance against a possible shortage of imported supplies. A Board was appointed to implement this policy, the Government undertook to buy the farm produce at guaranteed prices, and arrangements were made to lend money to cultivators on the security of their land and crops through the numerous Agricultural Loan Banks established in Jamaica. At the close of 1941 the total amount of these loans was, in round figures, £101,000, of which about 40 per cent had been repaid. The Board was abolished after having functioned for about two years.

Recently, a new Food Production Plan has been launched on lines similar in some respects to those of the old one, but better organized, more decentralized and offering attractive terms to the growers. Forty-eight subcommittees have been formed, covering the whole Island, and the services of the Jamaica Agricultural Society, a semi-official body interested in promoting farming and husbandry and possessing a considerable field staff distributed throughout the country, have been engaged for the furtherance of the plan. The formalities of registration of land, hitherto required of the small farmers, have been dispensed with, and the Government Marketing Department has undertaken to buy the corn, peas, peanuts, eddoes, cassava, yams, etc., at attractive prices as far ahead as December 31, 1944. Planters will deliver their produce at suitably located depots from which the Department will collect and distribute them.

Owners of estates of 100 acres or more in extent are required to plant in stated food crops up to 2 per cent of the arable land at their disposal. Loans are still available, at 6 per cent per annum interest, from the Agricultural Banks. The plan is given continued and effective publicity and its success seems assured. Legislation is promised to regulate and control the local cattle-breeding industry and the output and distribution of meat.

Aside from replacing supplies of imported foods, this Food Production Plan may yield some interesting results, notably in checking any further expansion of the Colony's sugar output and in reducing that of bananas. In a recent speech His Excellency the Governor of Jamaica directed attention to the difficulties facing these important industries. He warned sugar-cane farmers against extending their cultivations without first of all making sure that the factories would be able to buy their cane for manufacture into sugar; and with regard to bananas, most of which are eaten in Jamaica, he said quite plainly, alluding

to the payments made to planters by the British Government, that the acreage under cultivation would be "seriously reduced in future and that it will be necessary for banana-growers to seek alternative food crops."

OTHER PRODUCTS IN SHORT SUPPLY

Other imported commodities now in short supply, for which local substitutes are being sought or have been obtained, are household and office furniture, corks, and kerosene oil. Imported metal furniture has been replaced by pieces made in Jamaica from mahogany, cedar and other local woods. This home industry is flourishing, and its products, if somewhat high in price, are as a rule of good quality. A serviceable material for making corks has been found in the root of a certain swamp-plant. As regards kerosene oil, which normally is widely used in Jamaica for lighting by the poorer classes and to some extent, chiefly by the middle classes, as fuel for small household stoves, coconut oil, castor oil and charcoal briquettes have been suggested as possible substitutes. These two local oils were used in Jamaica for lighting many years ago before kerosene came into the market.

A few experiments have been made in driving motor trucks by means of producer gas generated from charcoal and the use of power alcohol distilled from sugar-cane juice as a substitute for gasoline has been considered. This fuel has been made in Jamaica to a moderate extent for some time past, one or two estates using it for their own trucks, but bulk production for general purposes seems scarcely feasible, primarily because there is not enough sugar-cane land to produce the necessary quantity of juice and, secondly because the special distillation machinery needed would not be procurable in existing circumstances. The gasoline shortage has given much impetus to the manufacture and use of animal-drawn vehicles.

Wartime conditions have considerably stimulated the demand for locally grown hardwood lumber, a business in which the Government Marketing Department engages both as dealer and as producer, owning and operating a small sawmill; there are one or two others in private hands.

Imports of all luxury and semi-luxury foodstuffs have been stopped. So, too, have those of rice, a popular cereal of which the stocks on hand are being released in restricted quantities in order to make them last until November next, when the hurricane season, during which the banana crop is liable to grave damage, will be about over. Boiled green bananas have become a favourite substitute for rice.

The use of kerosene oil and heavy petroleum fuel oil is officially restricted. As the production of electricity depends appreciably upon supplies of this latter oil, the time per day during which electrically operated irrigation apparatus may be employed has been curtailed. For the same reason, and also to save gas and kerosene oil, daylight saving of one hour per day has been instituted as from August 1, and the comprehensive rationing of electricity for all agricultural, industrial and commercial purposes is being considered.

MOTOR TRANSPORT RESTRICTIONS

The shortage of gasoline and also, though in less degree, the cessation of imports of tires and tubes for motor vehicles have necessitated a considerable curtailment of motor transport in the Colony. Tires were brought under official control on January 20 last, and trading was then frozen. Afterwards motor vehicles were similarly treated, and on February 28 the first steps were taken by means of a rationing system to restrict the use of gasoline. A gradual tightening up took place until, as from June 1, all basic rations for that month were suspended indefinitely and have not been renewed. Motor-bus services in the Kingston municipality have been restricted and suspended altogether on Sundays.

The present position is that, as from August 10, the use of a private motor car will not be allowed on the public thoroughfares unless officially licensed as performing an essential service, and a like restriction will apply to commercial motor vehicles as from the end of that month. Gasoline rations will be issued to the owner of each motor vehicle according to a decision of the proper authority. A list of essential motor-transport services has been published. Public transport in Kingston and its suburbs is by electric trams, and working hours in government, professional and business offices and in retail stores have been staggered in order to reduce overcrowding of trams to the minimum. The Transport Defence Board has called for returns of animal-drawn vehicles and draught animals.

COST OF LIVING

The Government's Labour Department publishes monthly statements of the cost of living for working-class persons. The latest report for the month of May records an increase of 50·53 per cent over the level prevailing in August, 1939. The increase in respect of food is given as 42·33 per cent; rent, 8 per cent; clothing, 175·28 per cent; fuel and cleaning, 57·23 per cent; and all other items, 36·21 per cent. The average, computed on the "weighted" system, is 50·53 per cent, as mentioned above. The Food Controller fixes the prices of a wide range of foodstuffs, both locally produced and imported, and the prices of many articles of hardware and clothing are also regulated, but there are numerous articles not controlled, and in most instances these are expensive. The high retail cost of dry goods was recently debated in the local legislature, and the Government has appointed a price-pegging committee.

PUBLIC FINANCE

Taxation, especially income tax, import duties and stamp duties, has been heavily increased since the outbreak of war. An excess profits tax was imposed last year, the rate being fixed at one-third (i.e. of the *excess* profits). This year the Government wished to double the rate, but after discussion, 50 per cent was agreed upon. The Government's budget for the current fiscal year, which will end on March 31, 1943, estimates a total revenue of £3,718,120 and a total expenditure of £4,050,260 but, as the yield from some considerable sources of government revenue, notably import duties on gasoline and motor vehicles, has since declined, it appears unlikely that the estimated revenue will be realized.

Notwithstanding, however, the all-round slowing down of business, chiefly due to transport restrictions and to the completion of work at the United States defence base, which brought about the circulation of considerable cash in the community, there seems to be still a substantial amount of liquid capital in Jamaica. A Victory Loan, recently issued at par and bearing interest at 3 per cent per annum, has been heavily oversubscribed. The issue was in units of £5 instead of £10 as usual, in order to give the loan a wider popular appeal.

An item of future rather than immediate interest is the publication of the lengthy report of Sir Frank Stockdale, head of the West Indian Department of Development and Welfare, following investigations during several months of last year. Education, public health, agricultural and industrial development and several other matters are covered in this document, and considerable expenditure suggested. Some members of the Anglo-American Caribbean Commission visited Jamaica a few months ago, but no definite results have yet been announced.

As recommended by the West India Royal Commission, an up-to-date census of Jamaica is about to be taken to provide a basis for a new political constitution and also an accurate guide for future social and economic development. The British Government is bearing the cost of this work, which is being carried out by the Chief Census Officer of the Canadian Government, who has been in the Island for the past two months and is now engaged in making the necessary preliminary surveys.

MARKET CONDITIONS FOR FRESH BLUEBERRIES IN THE EASTERN UNITED STATES

W. D. WALLACE, OFFICE OF THE CANADIAN TRADE COMMISSIONER

New York, August 7, 1942.—Reports from the principal markets in the eastern United States indicate that the supply of fresh blueberries entering the markets has been moderate and the quality of the berries exceptionally good. The demand has been better than usual, resulting in higher prices than were received in the past few years.

SOURCES OF SUPPLY

Growing conditions have been very favourable this year, but the quantities offered for sale have not been as large as usual, due to the scarcity of pickers. The Pennsylvania and New Jersey crops are almost finished, but receipts from these areas, while moderate, were of excellent quality. Blueberries from Massachusetts and Maine are now coming into the New York market in fair quantities.

Some fresh blueberry shipments of good quality have been received from Nova Scotia and have been bought up quickly at good prices.

NEW YORK MARKET

Due to the moderate supplies and good quality of blueberries entering the New York market, coupled with a good demand, wholesale prices have been steady and higher than those prevailing during the past few seasons. The trade anticipates that current prices will hold and may even show slight increases, providing the quality of the fresh blueberries remains at a high level and demand continues strong.

The range of prices per quart in the New York market for the week ending August 6 was as follows: Pennsylvania, 22 to 30 cents; New Jersey, 18 to 25 cents; Massachusetts, 33 to 40 cents; Maine, 30 to 40 cents; Nova Scotia, 32 to 38 cents. A few New York blueberries sold at 28 cents. New Jersey cultivated blueberries have been selling at 19 to 37 cents per pint.

BOSTON MARKET

According to the United States Agricultural Marketing Service reports for Boston, the supplies of fresh blueberries have been moderate and of good quality, while the market has been steady and the demand fair.

Prices per quart in the Boston market for the week ending August 6 were as follows: Maine, 25 to 30 cents; New Hampshire, 20 to 30 cents; and Nova Scotia, 25 to 32 cents. Berries of poorer quality from these areas sold at 15 to 18 cents per quart. Small quantities of New Jersey cultivated blueberries ranged in price from 21 to 25 cents per pint.

PHILADELPHIA MARKET

Reports from the Philadelphia market indicate that the supplies of fresh blueberries are small and are almost all from Pennsylvania and New Jersey.

Prices per quart in the Philadelphia market for the past week were as follows: Pennsylvania, 16 to 25 cents; New Jersey, 13 to 20 cents, and New Jersey (cultivated), 22 to 30 cents per pint.

IMPORT DUTY

Under the Canada-United States Trade Agreement, effective January 1, 1939, the duty on fresh blueberries imported into the United States from Canada is one cent per pound.

NEWSPRINT SITUATION IN THE UNITED STATES

D. S. COLE, CANADIAN TRADE COMMISSIONER

New York, July 28, 1942.—The former tendency of newsprint consumption in the United States to decline while the trend of business curves is upward has been accentuated in the first six months of 1942. According to a report of the News Print Service Bureau to its members, this is the direct result of the concentration of industry on war goods instead of consumer goods, and as an illustration of this situation it is pointed out that the production of automobiles and trucks is approximately 20 per cent of the output in the corresponding period of 1941, and even this small amount is undoubtedly for war use.

With employment and wage earnings at an all-time high, advertising and newsprint consumption are falling off, due undoubtedly to the output of many civilian goods having been stopped or reduced, while current national advertising, which is very largely of an institutional nature, has been greatly decreased.

The News Print Service Bureau considers that the paper business as a whole in the United States, as of July, 1942, is in a slump, due largely to the greatly publicized threatened shortage of a few months ago and partially to the reduction in the use of paper in the fields of consumer goods. The greatly expanded use of paper for wartime purposes is not currently of sufficient tonnage to offset the above-mentioned shrinkage, and recent production of ground-wood papers, for instance, was at the rate of 76 per cent and new orders at the rate of 60 per cent of capacity.

SUPPLY

Of the total production of newsprint in North America for the first six months of 1942, Canada contributed 1,658,000 tons or 72 per cent of the total of 2,297,000 tons. Of the remainder, the United States produced 484,000 tons and Newfoundland 155,000 tons, being, respectively, 21 per cent and 7 per cent of the total output.

While Canadian production during the above-mentioned period was 37,000 tons greater than in the corresponding period for 1941, United States production was 34,000 tons less, with Newfoundland showing a 20,000-ton decrease. In the case of Newfoundland the difficulty was, of course, the lack of shipping. Stocks at the mills in Canada, the United States and Newfoundland were approximately 270,000 tons on June 30, 1942, or 1,700 tons less than on the corresponding date in 1941.

Canadian and United States mill stocks are slightly under the long-time average and represent 14 days' production at the current rate of operation.

IMPORTS

Owing to the United States Government's decision not to release any figures of foreign trade, no statistics of imports are available for publication.

STOCKS

Manufacturers' stocks of newsprint paper averaged less than normal, but publishers' stocks have greatly increased. On June 30, 1942, publishers reporting to the American Newspaper Publishers Association had nearly 439,000 tons on hand or in transit, an increase of 69,000 tons during the first six months of this year and the largest supply reported by these publishers since February, 1938. The June 30 supply for these publishers is also 111,000 tons greater than a year ago and, at current rates of consumption in the corresponding months, represented 59 days' supply at this time as against 41 days' supply as of June 30, 1941.

CONSUMPTION

Normal newsprint consumption is about equally balanced during the first and second halves of the calendar year and, if this proves true in 1942, the total consumption of newsprint in the United States will be approximately 3,730,000 tons, or 200,000 tons less than in 1941. It is possible, however, that publishers used more than half their 1942 consumption in the first six months of the year.

SIZES OF NEWSPAPERS

Directly reflecting the advertising situation and publishers' efforts to economize, newspapers are substantially smaller than last year. This has been true for every one of the six months of 1942, the average number of pages for the leading dailies being 26 compared with 28 a year ago. For Sunday issues this year's figures are 82 pages as compared with 88 pages in 1941. Incidentally Sunday papers are approximately the same size as during the first half of 1938 and the dailies the same size as in 1939.

CIRCULATION

From such information as is available it is estimated that newspaper circulations are being maintained at their all-time high level, and that consumption of newsprint on the basis of circulation is holding up better than the volume of advertising. There is every reason to believe that there will be sustained reader interest owing exclusively to the war situation.

UNITED STATES EXPENDITURE FOR NATIONAL ADVERTISING

The Bureau of Advertising of the American Newspaper Publishers Association have made a detailed compilation of expenditures in newspapers, magazines, farm journals and chain radio in 1941 by national advertisers whose expenditures in any one of the these media amounted to \$25,000 or more. The following are the results:—

Expenditures for National Advertising in 1941

	Amount	Per Cent
Newspapers	\$140,278,000	34.9
Magazines	145,583,000	36.2
Farm journals	11,492,000	2.8
Chain radio	105,075,000	26.1
Total	\$402,428,000	100.0

A corresponding check of national advertising in 1940 indicates that in that year newspapers received 38 per cent of the total; magazines, 36 per cent; farm journals, 3 per cent; and chain radio, 23 per cent. The indications are that national advertising has increased by radio just as it has fallen off in newspapers.

BUSINESS CONDITIONS IN CHICAGO AND DISTRICT

M. B. PALMER, CANADIAN TRADE COMMISSIONER

Chicago, August 6, 1942.—The Federal Reserve Bank of Chicago reports that for July economic conditions in the Seventh Federal Reserve District (comprising Michigan, Indiana, Illinois, Iowa and Wisconsin) were under the control of directives rather than the unhampered forces of a free economy, that the flow of materials and equipment is being channelled by the War Production Board, that the flow of labour is increasingly subject to the War Manpower Commission, and that the flow of goods and services in trade is subject to the jurisdiction of the Office of Price Administration and the War Production Board. Thus total war has placed the functions of the price system in the hands of various governmental agencies as economy is being mobilized for victory.

STEEL

The overshadowing economic problem is production of a maximum of war goods for the armed forces and a residual as large as practicable for civilians. Steel, the backbone of the war production program, held to a high schedule during the month, although the total ingot production fell off slightly from the high May volume. Such decreases in production may be expected from time to time as the increased wear on furnace linings, due to the high rate of operations, begins to have effect. While steel shortages continue to be a serious difficulty, steel producers are maintaining an enviable record and, despite the unfavourable scrap situation, production has not fallen below capacity since the week of Pearl Harbor. A vast tonnage of ore has been brought down from the Lake Superior area, and such shipments for the month of June reached a new record of 12½ million tons. It is interesting to note that shipments of ore for 1942 to date are greater than the annual total shipped in any one year from 1931 to 1935 inclusive.

COAL

Bituminous coal production in the mid-west area during the first six months of 1942 exceeded that of the same period last year by 23 per cent. The increase in consumption of coal this year over last has been relatively greater at retail yards than by industrial concerns, largely because the public has been stocking up early in order to avoid transportation difficulties later on.

OIL

Crude oil, another vital war necessity, has not been produced in the same quantities as a year ago. The daily average volume of 280,700 barrels taken from the ground in Illinois during June shows a decline of practically one-third from the output of last October. Runs of crude oil to stills in the Illinois-Indiana-Kentucky area exceeded those of a year ago by a small margin, while production of gasoline has fallen below last year's volume. As sales of gasoline have been ahead of production since last March, stocks are showing considerable depletion and by the end of June were 6 per cent below those of a year ago.

FURNITURE

Furniture shipments reported by thirty manufacturing plants within this District increased by 28 per cent in dollar value from a seasonal low in January to a peak in April, and for the year to date totalled 18 per cent larger than in the same period of 1941. Practically all this latter increase can be accounted for by a rise in prices.

CONSTRUCTION

Construction is one of the industries that has been seriously affected by war controls. Unlike others, it was not shifted to new lines, but the emphasis on the type of its output has turned from privately financed projects for owner occupancy to housing for defence workers and government-financed projects for industrial use. The dollar valuation of construction contracts awarded so far this year within the District is higher than a year ago by 25 per cent, notwithstanding a temporary decline that followed the issuance of a Conservation Order on April 9. A definite let-down has been apparent in residential contracts. The losses in residential awards were more than compensated for by industrial plant expansion which moved up from a total of \$9,000,000 in June a year ago to \$38,000,000 in June of this year.

EMPLOYMENT

Since the middle of March there has been some increase in the total number of workers employed in manufacturing plants in the District. The total increase in the last three months amounts to little more than 2 per cent, and employment in manufacturing industries is now at a level 4 per cent lower than in June of last year and almost 7 per cent below the peak reached last September. As industries producing war supplies have been steadily expanding, other industries have shown a loss in numbers employed. While the war has brought no boom in total employment in this District, it has substantially increased the purchasing power of the workers. Higher wage rates and longer operating schedules have resulted in an increase of 13 per cent from a year ago in total wage payments by manufacturing industries.

AUSTRALIAN WHEAT AND FLOUR

Mr. Frederick Palmer, Canadian Trade Commissioner in Melbourne, cabled under date August 18, 1942, regarding the Australian wheat and flour situation as follows:—

Wheat crop conditions are generally very satisfactory, with prospects above average to very bright. Acreage restrictions vary from state to state from 10 to 20 per cent reduction. Manpower and fertilizer shortages facilitated reductions, but the labour supply is believed adequate for harvesting. The preliminary end of November carryover estimate is 100,000,000 bushels. Wheat exports are limited to available shipping space.

Flour exports to remaining adjacent markets are in small volume at old prices.

WARTIME MOVEMENTS OF PRICES IN AUSTRALIA

K. F. NOBLE, ASSISTANT TRADE COMMISSIONER

Sydney, June 29, 1942.—The Second Report of the Joint Committee on Profits, organized by resolution of the Commonwealth Government, covers the general movement of price indices in Australia under wartime conditions in the period to February 28, 1942.

The composite retail price index, although advancing, has increased to an extent only 50 per cent as great as during the first three years of the last war and has, in fact, been less than 50 per cent of the increase in Great Britain during the similar period. Increases in the group indices for retail prices in the principal cities of Australia since September 1, 1939, are shown hereunder:—

Increases in Australian Retail Price Indices

	Food	Rent	Clothing	Miscellaneous	Total
Sydney.. . . .	4.2	0.5	40.2	14.2	12.3
Melbourne.. . . .	1.8	1.9	44.1	11.2	12.0
Brisbane.. . . .	7.6	0.6	42.2	9.2	13.7
Adelaide.. . . .	3.0	0.3	37.3	13.3	11.8
Perth.. . . .	4.0	0.3	39.8	11.0	11.9
Hobart.. . . .	7.6	0.6	39.0	9.6	13.0
Canberra.. . . .	1.5	0.1	42.2	13.5	11.1

The upward movement in food prices has been small, due to the fact that the country is fundamentally self-sufficient. Wartime shipping problems have had an adverse effect on domestic food prices, since the commodities are largely on an export basis. The special classification "groceries" has shown an increase of 2.0 per cent; dairy products, 1.5 per cent; and meat products, 7.9 per cent. Allowing for appropriate statistical weighting, the aggregate variation for the group has been 3.7 per cent.

Rents have been remarkably stable, having advanced by only 0.9 per cent. The reduction in the number of men by enlistment in the services has resulted in a doubling-up of occupancy by wives of servicemen endeavouring

to economize, which has almost nullified the improvement in the ability to pay higher rent of wage-earners benefiting by increased earnings from war industries. There has been no noticeable trend, although the war industrialization of certain areas has created local housing difficulties. It has been difficult to keep in occupancy of residences in the upper and medium rental bracket.

The most substantial rise in the price index has been in clothing, which has advanced by 41.4 per cent to comprise better than two-thirds of the total advance since the beginning of the war of 12.3 per cent in the retail price index. Government supervision has largely eliminated overcharging, and the advance is primarily the result of the increased cost of raw materials, additional wage costs, and, in the case of imported materials, the upward freight and war-risk charges.

DECLARED GOODS AND SERVICES

Effective July 24, 1941, the Commonwealth Prices Commissioner has enjoyed extensive powers under which goods or services can be "declared," with a maximum price established. A wide range of products has been selected for price pegging, while an even larger group of items has been "declared" without prices being fixed. With respect to the latter the prevailing price, although set by the individual merchant, must show no undue increase in relation to cost. Included in the items for which prices have been "declared" are the following:—

Aerated-water machines and gauges; amusement park, dog- and horse-racing equipment and accessories; architectural metal work (decorative); enamel and art-metal sundries; bath heaters; billiard tables; bottles, containers, figures and ornaments of glass; cake ornaments; caravans, trailers and horse floats; carpet-sweepers, vacuum-cleaners, washing- and dish-washing machines; cement ornaments; cigarettes; confetti; confectionery machinery; cordial machinery; cream-of-tartar substitutes; deck chairs; drums, second-hand steel; edible oils and mixtures thereof; earthenware; fitted dressing cases and parts; fur coats and garments, woollen knitwear, outerwear and haberdashery; furniture; garden arches, ornaments, rollers and seats; jewel cases; jewellers' tools and machines; jewellery, real and imitation; lawn-mowers; leather goods and leather-goods machinery; manicure sets; meat; musical instruments; ornamental electric fittings; paper novelties; plated tableware (except knives, forks and spoons); roller and ice skates; scrap rubber; show and display cards and showcard boards, cases and stands; slot machines; tobacco; tomatoes; toys, including children's scooters, tricycles, motor cars, trucks and similar toy vehicles; tubular steel furniture; walking-sticks; wool tops.

The Joint Committee on Profits views with concern the possibility of post-war disorganization resulting from a declining price level and considers that the maintenance of fixed minimum prices—as a post-war substitute for maximum prices—will be a principal means of combating such a recession. It is believed that heavy taxation, coupled with a controlled price ceiling, may prevent businesses from accumulating adequate reserves against depreciation of stock and plant values.

Recommendations have been made for governmental recognition of this principle and for legislation guaranteeing manufacturers against these risks. Alternatively proposals have been advanced with the idea of ear-marking a portion of the special wartime taxation as a compensation account, or of allowing traders to accumulate ear-marked reserves to cover this eventuality.

NEW GOVERNMENT POLICY

A number of fundamental changes were forecast by the Prime Minister on February 10, 1942, which will require major alteration of the established control scheme. The development as foreshadowed, to become effective on July 1, involves the pegging of prices at the level prevailing on February 10 with a blanket restriction on all profits that should not exceed 4 per cent on the capital investment.

The profit restriction is to be effected alternatively or, more probably conjointly, by fixed maximum prices and confiscatory taxation on profits in excess of the proposed rate.

PRICE CONTROL IN BERMUDA

Mr. L. H. Ausman, Assistant Trade Commissioner at New York, writes under date August 10, 1942, that the Food and Supplies Control Board of Bermuda has issued the Prices of Goods Order 1942, which came into force on July 2. On and after that date no person is permitted to sell or offer to sell, buy or offer to buy any goods at a price higher than goods of substantially the same kind or quality sold on June 30, 1942.

This Order applies to articles, commodities, substances, animals or things of every description and includes meals, refreshments and beverages. No terms or conditions may be imposed on the sale of goods which would result in the cost to the purchaser being higher than the permitted maximum price.

FLAX SITUATION IN NORTHERN IRELAND

E. L. McCOLL, CANADIAN TRADE COMMISSIONER

Belfast, July 25, 1942.—Due to a variety of causes, the 1942 flax acreage of Northern Ireland will be from 70,000 to 75,000 as compared with 90,000 last year. Some growers have withdrawn because they found flax unprofitable. Losses were due, in part, last year to record bad weather in the form of rain at harvest time. The farmer must be favoured with warm sun to dry his flax straw and there was almost incessant rain in August. Many who are absent from this year's acreage could be classified as speculators. They were not farmers in the true sense, as they had acquired land at a high rental simply to grow flax and some had taken more than they could successfully handle. The conditions under which several legitimate farmers produced flax, such as unsuitable soil, poorly qualified labour and difficulty in dam-retting, made profits so marginal as to create a too speculative position. A few growers in this category are also not to be found in the present year's acreage.

One of the chief competitors of flax is potatoes and, as the farming community generally did not consider the price fixed for the former to be high enough to be attractive, a few of them altered their tillage program. On the other hand, the Ministry of Supply argues that the present price of flax is approximately three times that of the pre-war price.

NO DECREASE IN GOOD-QUALITY FIBRE

Notwithstanding the smaller acreage under flax this year, it is believed that the amount of good-quality fibre which will be produced by the scutching factories will not be appreciably smaller, as a considerable portion of the previous season's area was sown by inexperienced growers, some of whom had poor results. Those recruits to flax cultivation who are continuing for a second season now have a better knowledge of the technical difficulties involved. There will not be as much crop to handle, it is true, but the shrinkage in production will be mainly in poor fibre.

Another reason advanced for the proportionately larger amount of good-quality flax expected for the coming harvest arises from the fact that all the crop this year was sown with pedigree blue-flowering seed, which in itself tends to produce a better fibre and a higher yield than a considerable quantity of the seed used last year. Then, to encourage an increase in pond-retting, the Ministry of Agriculture in Northern Ireland is now providing grants to cover the total cost of constructing dams on farms. As is well known, pond-retting is confronted with the possibility of there not being sufficient warm, sunny weather during which to dry the retted straw. Farmers vary in the degree of technical knowledge which they possess and in the care which they exercise in judging the correct time to remove the straw from the pond and thereby arrest fermentation.

TANK-RETTING

The retting system in general practice in Belgium is the closed-in concrete tank supplied with temperature-controlled water and under the strict supervision of an experienced and qualified scientist. To justify, or to obtain full value for, the expense of a battery of such tanks, they should be employed full time and should ret about four tons of deseeded straw per tank in three to four days. The short drying season, however, proves to be an even greater obstacle to covered tank production in Northern Ireland than it is to the farmer with the pond. Several factories are trying artificial driers in order to free the task of producing retted fibre from the vagaries of sun and rain. The cost of these driers is high; they have not yet proved to be practical in general use and, for the present, they remain in the experimental stage. At any rate, it is problematical as to whether or not a general extension of the use of centralized retteries and mechanical driers would increase acreage because the speculative factor in dam-retting has a certain appeal for the farmer. By retting his own flax on the farm at a minimum of cost, getting it scutched at the local mill on a commission basis and selling the resultant fibre direct to the Government according to grade, the farmer reckons on a greater profit than he would obtain by selling the crop to a factory in the green condition either at a flat rate per acre or according to the fibre yields and grades subsequently shown by the factory. The harvesting of flax as unretted straw, moreover, presents almost as many difficulties, from the farmer's point of view, as when the crop is dam-retted. It is equally dependent on the weather in that it has to be harvested under favourable conditions, dried in the open and carted to the factory. Green straw is much more difficult to dry than retted straw. If the factory were to take all retting responsibility from the grower and to purchase only the natural straw, then many would, for this reason, withdraw from cultivating flax. Nevertheless an increase in tank-retting is taking place. There were five such retteries operating in Northern Ireland in the 1941 season and it is estimated that there will be five or six additional ones working in 1942. All of them will be equipped with a minimum of four tanks, one having eight. Altogether there should be available for the 1942 crop between forty and fifty inside covered concrete tanks. These will tend to reduce the quantity of green fibre scutched.

The Ministry of Supply has made arrangements with a number of the bleaching companies of Northern Ireland to ret straw sent over from England in their open vats. It is a small-scale experiment which promises success. Each firm is to take five tons. If the scheme turns out satisfactorily it will reduce the number of tanks required, which, if specially erected, are not only costly but require precious material.

NATURAL OR GREEN FIBRE

The modern factories, both government and those erected by private enterprise, for scutching flax straw in the green or unretted state only came into full production late in the 1941 season. They will make an increased contribution when the 1942 crop comes along.

Natural or unretted fibre has its uses, but no attempt should be made to employ it in the manufacture of fabrics for which it is unsuited. Such practice has unjustifiably brought it into disrepute with some spinners and weavers. Many factory operators, both in Great Britain and Northern Ireland, have, inevitably as yet, little experience of the comparatively new process of scutching green flax and of just how to secure the optimum grade of fibre that unretted straw will produce. At the outset of the war the green flax policy was general in England and green, and green only, was being produced. This program is being modified and two English factories now have retting tanks, while four others are to be similarly equipped. The high proportion of grain rug (tow

prior to re-scutching) yielded has given emphasis to the tendency to change over to tank retting. Although the grower, the scutcher, the spinner and the weaver of Northern Ireland have been bred to retted flax and their prejudices are deeply rooted in its favour, green fibre of a high grade is being produced.

SEED

The processing of green flax in England has served a good purpose in that it has helped to solve the seed problem for Northern Ireland. No seed can be saved from pond-retted straw. It has to be gleaned by the factory from straw which is either to be scutched green or tank retted. The saving of seed in time for the next sowing season upsets routine, which adds to the cost of producing fibre, but there is no alternative under present conditions. The straw, on coming in from the farm, is put through the deseeders, which work faster than the scutchers. The deseeded straw, therefore, has to go back to the stackyard to await scutching. This extra handling involves increased labour and waste of fibre.

The English farmer is provided by the factory to which he sells his crop with the best grades of pedigree seed. Before scutching the straw sent in by the grower, the factory carefully cleans and bags the seed and ships it to Northern Ireland in sufficient quantities to supplement the smaller total of seed produced in the Irish factories. Had this seed-saving not been on a large scale, Northern Ireland would have been, in great measure, dependent upon imported seed, probably Canadian, which might have been difficult to obtain, due to the scarcity of shipping space and to the fact that Canadian flax fibre acreage has been increased and the seed is required at home. There was little pedigree Canadian seed to be had for the 1941 crop and none was necessary for 1942. Now Northern Ireland has plenty on its doorstep, produced either in its own green-flax factories and tank-retteries or imported from Great Britain.

FLAX-PULLING

During the 1941 harvest approximately 255 machine-pullers were in use. A further 125 machines will be available this year. In addition to the labour normally available, the linen trade will release a portion of its operatives to help the farmers at hand-pulling and retting this autumn. Some of the mills have intimated that they are closing down for the pulling period and are appointing liaison officers to whom farmers may apply for help. A number of the larger factories are also releasing workers during August for flax-pulling and retting. How far this plan will succeed, or what use will be made of it by the farmers, is not known.

THE 1943 CROP

Flax conferences are being held by growers, factory executives and officials of the Government for various purposes, among which are the determination of the acreage required in 1943 and an early fixing of prices for the 1943 crop. It would appear that as much flax as it is possible for Northern Ireland to produce under present agricultural conditions will be needed in 1943, and it is considered in many circles that sufficient price inducement should be offered. Regarding the method of payment, there are suggestions made that this should take the form of a flat rate per acre as well as a payment per stone. It is felt that this plan would have the effect of protecting to some extent those growers whose yields are below average, and it would also put flax in a similar position to potatoes, its chief competitor for acreage. (A guarantee of £10 an acre is paid by the Government for potatoes, regardless of production, and the price which would have been paid had there been no flat-rate payment is reduced accord-

ingly.) Actually the grower with a low yield benefits relatively more than the one with a large crop. It is a method of remuneration which helps to cover people who get poor yields but which are, nevertheless, valuable from the war effort point of view. Apart from the acreage payment, trade is conducted through the usual channels, subject to prices fixed by the Government.

The attitude of the Ministries of Supply, Commerce and Agriculture is that "we want to serve war purposes and war purposes only". The Ministries are not at the moment concerned with post-war problems. The program advocated for 1943 calls for an acreage of at least 100,000, and for the dam-retting of all flax possible. If sufficient quantities cannot be dam-retted, every other means to produce fibre, including scutching it green, must be employed. Retting on the farm is much cheaper than retting by tank in the factory.

The flax policy of Northern Ireland, framed to meet the war demands for quantity and quality fibre, is energetically supported by the Government in close alliance with producers. A careful appraisal of the situation indicates most satisfactory progress.

NEWFOUNDLAND BUDGET FOR 1942-43

R. P. BOWER, ACTING TRADE COMMISSIONER

St. John's, July 15, 1942.—On July 14, the Commissioner for Finance broadcast a review of operations for the fiscal year ended June 30, 1942, and presented his budget for the current year.

RESULTS IN 1941-42

REVENUE

To fully appreciate financial conditions in Newfoundland in the past year, it is necessary to compare the returns with those obtained during more normal times. In 1933-34, for example, total revenue, exclusive of grants in aid, did not exceed \$8,750,000; in 1938-39 the figure was \$11,250,000. It was estimated that the 1941-42 revenue would reach \$17,500,000. The budget speech revealed that the estimates had been exceeded by almost \$6,000,000 and that a total of \$23,294,300 was collected. Of this sum, customs and excise provided \$16,800,000 and income tax, including the excess profits tax, \$3,306,000, while the Department of Posts and Telegraphs showed revenues of \$1,183,000.

EXPENDITURE

Increased expenditures were also recorded. In the last budget expenditures were estimated at \$14,865,475. Actual expenditures amounted to \$16,083,114, the principal increases being under the headings Public Works and Public Debt, although the Department of Posts and Telegraphs and the Departments of Education, Justice, Defence, and Natural Resources all spent more money than was originally estimated. The sum of \$375,000 was devoted to the repayment of the balance of a loan of \$675,000 from the Canadian banks in 1932. A sum of \$100,000 was set aside as an additional contribution toward the redemption of war saving certificates. Approximately \$200,000 was distributed throughout the year as war bonuses, while roughly \$80,000 was expended on minting new coins of the smaller denominations. Despite these increased expenditures, the excess of revenue over expenditure for the period amounted to \$7,211,182 as compared with an estimated excess of \$2,597,820.

BUDGET FOR 1942-43

It has been decided that, beginning in 1943, the Newfoundland fiscal year will commence on April 1 instead of July 1 as formerly. For purposes of comparison, however, all estimates in the recent budget speech were for a twelve-month period.

EXPENDITURE

Estimated expenditure for 1942-43 totals \$17,722,300, which is \$2,856,800 more than the original estimates last year and \$1,639,000 more than the actual expenditure in that year. Practically every avenue of expenditure is estimated to require larger sums in the present year than in the previous period. This is due not only to expansion in certain cases but to greatly increased operating costs. Prices of all commodities and services in the island have risen to such an extent that a substantial increase in expenditures will be necessary to maintain services at former levels. Higher living costs resulted in the payment during the fiscal year just ended of war bonuses to all civil servants, police forces, and school teachers. The maintenance of these bonuses throughout the current year will result in increased expenditures of approximately \$430,000. Departments, such as Public Works and Natural Resources, that are in the labour market and are large buyers of materials will have to be allotted substantially larger appropriations to meet the higher costs of labour and supplies.

It is estimated that the Department of Education will require \$2,092,000, an increase of approximately \$500,000 over the 1941-42 figure. In addition to larger sums to meet war bonuses, \$125,000 is required in the form of grants to various schools to finance Newfoundland's first attempt to carry out a policy of free and compulsory education. The object of the scheme is to provide such education for all children up to the age of 14 years, although it is not expected that it can be made one hundred per cent effective in the first year.

The Department of Justice, which is responsible for the maintenance of the constabulary and the fire departments, requires a larger grant because of increased activities as a result of the war. Estimates are placed at \$809,100 as compared with actual expenditures of \$687,978 last year.

Estimated expenditures by the Department of Defence for the current year are placed at \$809,000 as compared with \$637,265 actually expended last year. A large part of this increase will be for the local militia, which it is hoped to maintain at full strength. This item does not include any payments for Newfoundland soldiers who are members of the Imperial fighting forces.

The Department of Natural Resources will require an estimated \$2,070,700 for the current year. Increased amounts will be needed for essential services to communities in Labrador, while \$50,000 has been earmarked for preliminary work in connection with land settlements, which is part of the program for re-establishment in civil life of returned members of the fighting forces. An amount of \$500,000 has been provided for the construction of a maximum of ten wooden motor vessels of about 300 tons each that can be used during the present emergency to ease the shipping shortage as far as Newfoundland is concerned and can be easily converted when the war is over into vessels suitable for transporting fishery products.

The Department of Public Works is estimated to require \$2,742,400 for the current year as compared with \$2,641,057 last year. No extension to existing highways is planned, although considerable sums are marked for repairs and maintenance of existing roads.

The estimates of the Department of Public Health and Welfare at \$3,321,500 show an increase of \$296,000, although relief for the able-bodied has now virtually ceased, and it has in consequence been possible to reduce the provision for assistance to indigent persons to \$480,000, a saving of \$270,000 as compared with

the year just passed. The increased expenditures under this heading are mainly due to the higher cost of the maintenance of government institutions, the purchase of equipment for a new General Hospital, and increases in the scale of allowances payable to widows, orphans, and infirm persons and to old-age pensioners.

During the past year, Newfoundland soldiers serving with the Imperial forces, including the navy, army and air force, were credited with deferred pay at the rate of 6d. per day. The budget under review includes provision for an additional payment of 30 cents per day retroactive to January 1, 1942. It also provides for an increase to 4s. per day in leave allowance, payable to men in the services whenever they go on leave for more than seventy-two hours; when added to a ration allowance of 3s. per day, their pay for such periods totals 10s. per day.

REVENUE

The Commissioner for Finance expressed the opinion that, even though work on defence projects in Newfoundland may not be maintained at present levels and circumstances may arise to make it more difficult for the major industries, such as the fisheries and the pulp and paper industries, to market their products, full employment would undoubtedly be provided during the coming year. As far as revenues are concerned, the greatest danger appears to lie in the possibility that a shortage of commodities and shipping space to bring them to Newfoundland will result in a decline in customs revenue, the largest single source of government income. One characteristic of the Newfoundland economy is the important part played by customs revenue in the state budget. For the four years 1930 to 1934 an average of 73 per cent of all government income was derived from customs and excise. The percentage is somewhat lower to-day because of increased income and excess profits taxes, but any interference with the flow of goods into the country would have an immediate and serious effect upon government revenue. It may become necessary therefore, later in the year to increase other taxes and duties to compensate for any falling-off in customs revenue as the result of smaller imports.

For the present only one increase in duties was made: this involved the elimination of the distinction between the duty on pipe and on cigarette tobacco by making both subject to the higher rate. Henceforth such tobacco will pay a duty of 96 cents a pound, irrespective of country of origin, as well as an excise tax of 76 cents a pound. At the same time marine motor engines and parts were placed on the free list.

Revenue from Posts and Telegraphs is estimated at \$1,193,000 and is expected to show an increase over last year's figure, largely as the result of the extensive use being made of the recently instituted air-mail service.

Revenue from the Board of Liquor Control is estimated at \$710,000, slightly less than was realized last year. The reduction will result from the introduction of a rationing system recently announced.

SUMMARY

Financially Newfoundland is in a very satisfactory condition. Trade is at a high level, and credit is easy. The chief problem is one of obtaining the increased quantities of goods which the higher purchasing power of the island now demands. The Government realizes that the present satisfactory financial position cannot be expected to continue without interruption, and they are therefore providing for the future by substantial additions to monetary reserves. The bulk of the surpluses obtained in recent times has been loaned, interest free, to the United Kingdom Government, to be repaid on call in Canadian dollars.

CONTROL OF EXPORTS FROM CANADA: CHANGES IN THE LIST OF PRODUCTS AFFECTED

By Order in Council P.C. 7003, effective August 12, 1942, an export permit is required for shipment to any destination of silver, silver ores and concentrates, metals and alloys (semi-fabricated and fabricated), scrap, salts, and compounds, included in Group 6 (Non-ferrous Metals and their Products).

TARIFF CHANGES AND TRADE REGULATIONS

United Kingdom-Chile

MODUS VIVENDI EXTENDED

The *British Board of Trade Journal* of June 27, 1942, reports that the United Kingdom and Chilean Governments have agreed to continue to accord, for a period of 12 months from July 1, 1942, most-favoured-nation treatment to each other's products, as provided in the Anglo-Chilean Modus Vivendi of October 15, 1931. This modus vivendi was originally concluded for a limited period only but has been prolonged from time to time.

Australia

LICENSING OF CREAM SEPARATORS AND WHEAT-GERM OIL

Mr. L. M. Cosgrave, Canadian Trade Commissioner at Sydney, writes under date of June 1 that the import licensing item for cream separators and replacement parts has been divided into two sections, the quota for replacement parts from non-sterling countries (including Canada) being placed at 100 per cent of importations in the base year. Complete cream separators from non-sterling sources continue under administrative control.

It was announced that no licences would be issued for the importation from any source of wheat-germ oil, whether classified for tariff purposes as an edible vegetable oil or as a medicine.

FLEXIBLE LICENSING EXTENDED TO ADDITIONAL COMMODITIES

With reference to the notice in *Commercial Intelligence Journal* No. 2007 (July 18, 1942), page 75, circulars issued on July 8 and 9 by the Division of Import Procurement, Department of Trade and Customs, which administers Australian import licensing, announce that a further number of commodities to which fixed import quotas were formerly assigned have now been placed under "administration," that is, each application for a licence to import such commodities from a non-sterling country, such as Canada, will be considered on its merits. This permits of greater flexibility in the regulation of imports.

Articles formerly admissible up to 100 per cent of importations in the base year ended June 30, 1939, but now placed under administration include: spectacle frames and parts (but not complete spectacles and reading glasses), linseed, certain oils in vessels exceeding one gallon, certain dyes, acetates for the manufacture of acetic acid, a wide range of drugs and medicines, tissue paper, fruit wrapping paper, some dental and surgical instruments and accessories, X-ray equipment, undressed hickory lumber, logs (except Douglas fir), undressed timber (except Douglas fir, hemlock and spruce), timber bent or cut to shape, timber for the manufacture of doors.

Goods formerly under a 75 per cent quota, now placed under administration, include compressed cork rods for making discs for containers, tissue and grease-proof papers, and other articles admitted for specified manufacturing purposes.

Timber and veneer for making storage battery separators, formerly under 90 per cent quota, and Douglas fir logs and lumber, formerly under 60 per cent quota, are now under administration.

Some articles formerly included among those for which, it had been announced, no import licences would be issued, have also been listed for consideration on the merits of each application. These include some oils, bleaching powders, cream of tartar substitutes, cellulose paper whether printed or not, and hemlock and spruce lumber in sizes less than 7 inches by 2½ inches or its equivalent.

The Australian import licensing period that commenced on July 1, 1942, will be of six months' duration. Heretofore licensing periods have been of three months each.

South Africa

PRIORITY RATINGS ASSIGNED TO CERTAIN IMPORTS

Mr. J. C. Macgillivray, Canadian Trade Commissioner at Cape Town, reports that the South African Government *Gazette* of June 30, 1942, announced that the Controller of Imports and Exports would assign a priority rating of 5 or better to goods, plant and materials imported by essential industries. The purpose of these ratings is to obtain release of goods which are controlled in foreign countries and to assist in obtaining shipping space. Priority numbers ranging from 1 to 17 are applied to all imports, the lower figures being given to the more important goods. On May 1, 1942, it was announced that import licences would not be granted for goods bearing priority less favourable (i.e. higher) than No. 8.

The aforementioned Government Notice of June 30 specified the clothing industry, footwear industry, and industries engaged in manufacture of essential foodstuffs as examples of those whose requirements of goods, plant, and materials may be assigned the preferred priority ratings. Similar ratings will be accorded to goods imported on behalf of government departments and public utility services. In the case of commodities subject to control, similar ratings may also be assigned, subject to the recommendation of the Controller concerned.

A list has also been issued specifying the commodities to which priority rating of 5 or better will apply when imported for purposes of general sale. The goods in question are: abrasives; fire-fighting appliances; artisans' tools; axes; hessian bags; bicycles, with parts and accessories; oil cans; raw coffee beans; paper discs for milk bottles; essential workshop equipment; boot and shoe eyelets; digging forks; hammers; hatchets; hoes; butchers', stock (vet) and wool knives; spares for road-making machines; spares for sewing-machines; mattocks; brine syringe needles for butchers; mosquito net; picks; stirrup and bucket pumps; brine pumps for butchers; scythes and sickles; dairy separators; sheep shears; ships' stores (essential foodstuffs) imported in bond; shovels; air-raid sirens; solder and soldering fluid; spades; shoe tangles; saddlery and harness-making tools; vehicles' spares (for wagons, carts, etc.); windmills and parts; X-ray apparatus.

Northern Rhodesia

DUTY SUSPENDED ON POLLARD IMPORTED BY DIRECTOR OF CIVIL SUPPLIES

With reference to *Commercial Intelligence Journal* No. 2010 (August 8, 1942), page 149, the Canadian Trade Commissioner at Johannesburg now advises that pollard should be included among the commodities which, when imported by the Northern Rhodesia Director of Civil Supplies, were granted suspension of customs duty as from April 13.

Dominica

IMPORT CONTROL OF DRUGS AND PATENT MEDICINES

The *Dominica Gazette* of July 6, 1942, contains a notice that no drugs may be imported into Dominica other than those listed in an appended schedule and only such patent medicines or pharmaceutical preparations as contain as their basic principal one of the drugs listed in the schedule.

The schedule includes more than three hundred drugs. Firms desiring to know whether any particular drugs are included in the schedule are invited to write the Department of Trade and Commerce, Ottawa, giving the names of the drugs in which they are interested.

British India

EXCHANGE CONTROL CIRCULAR

Circular No. A.D. 44, issued on May 29, 1942, by the Exchange Control Department of the Reserve Bank at Bombay, conveyed the following information:—

With reference to circulars Nos. A.D. 69 and 75 of 1941, authorized dealers are advised that it has been decided to extend the concession with regard to the opening of credits providing for payment otherwise than against ocean bills of lading to goods from Canada which are unrestricted. At present this concession is allowed only in respect of those goods which require a licence and for which a permit has been granted, since these are regarded as essential in view of the restrictions imposed. A fairly wide range of essential goods from Canada is, however, unrestricted and, since the freight difficulties on account of which the concession was originally granted for goods from the U.S.A. apply equally to shipments from Canada, authorized dealers may open credits providing for payment against manufacturers' certificates, railway bills of lading, warehouse receipts, or on free alongside terms, for all Canadian goods whether restricted or unrestricted.

Although this circular refers to a wide range of essential goods from Canada being unrestricted, it is to be noted that it was issued on May 29. The Canadian Trade Commissioner a month later cabled that an open general licence favouring Canadian goods had been cancelled (see *Commercial Intelligence Journal* No. 2005 (July 4, 1942), page 28, which would create restrictions not in effect at the time the Circular A.D. 44 was issued).

United States

CONTINUATION OF FLOUR EXPORT SUBSIDY PROGRAM

The United States Department of Agriculture announced on August 3 the continuation into 1942-43 of flour export subsidies designed to encourage exportation of flour manufactured from wheat produced in the continental United States and in operation since September, 1938, with changes from time to time as to the countries to which flour could be shipped with the benefit of the subsidy. Under the program just announced, it is stated the Agricultural Marketing Administration will make payments to exporters in connection with flour exported from continental United States ports to the Virgin Islands and to any country or place in the Americas and adjacent islands except Puerto Rico, Alaska, and the Canal Zone, and to islands east of the Americas lying on or west of 40° W. longitude. Rates of payment may be announced daily or at any interval up to fifteen market days and will remain in effect until a date to be named in the announcement, when a new announcement will be made. For the period August 3 to August 10 the rate was \$1.25 a barrel. The press release states that in the fiscal year ending June 30, 1942, total sales of flour for export amounted to 2,501,770 barrels, equivalent to 11,508,141 bushels of wheat.

Peru-United States

TRADE AGREEMENT PROCLAIMED

The Trade Agreement concluded between the United States and Peru on May 7, 1942, was proclaimed by the Presidents of the respective countries on June 29, 1942, and accordingly entered into force, under the terms of the agreement, on July 29, 1942.

Under the foregoing agreement Peru grants tariff reductions to the United States on 35 items of the Peruvian tariff, the principal of which are: metal furniture, safety razor blades, ordinary woods, plywood, paints, storage batteries, telegraph and wireless apparatus, electric refrigerators, prepared oats, certain canned vegetables, canned fruits, canned salmon and sardines, and fresh apples. Peru also agrees to continue existing customs treatment on 15 items of the tariff.

The principal commodities on which reductions in existing rates of duty are accorded to Peru by the United States are: sugar; long staple cotton; hemp; hair of the alpaca, llama and vicuña; bismuth; and coca leaves.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING AUG. 17, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, August 17, 1942, and for the week ending Monday, August 10, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Aug. 10	Nominal Quotations in Montreal Week ending Aug. 17	Official Bank Rate
Great Britain.	Pound	4.8666			
		Buying	\$4.4300	\$4.4300	2
		Selling	4.4700	4.4700	—
United States.	Dollar	1.0000			
		Buying	1.1000	1.1000	1
		Selling	1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
		Bid	4.4200	4.4200	—
		Offer	4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
		Official	.3304	.3304	3½
		Free	.2643	.2640	—
Brazil.	Milreis (Paper)	.1196			
		Official	.0673	.0673	—
		Free	.0571	.0571	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
		Official	.0573	.0573	3-4½
		Export	.0444	.0444	—
Colombia.	Peso	.9733	.6351	.6351	4
Venezuela	Bolivar	.1930			
		Official	.3313	.3313	—
		Free	.3336	.3330	—
Uruguay.	Peso	1.0342			
		Controlled	.7307	.7307	—
		Uncontrolled	.5854	.5854	—
South Africa.	Pound	4.8666			
		Bid	4.3862	4.3862	3
		Offer	4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
		Bid	4.5380	4.5380	—
		Offer	4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
		Bid	3.5300	3.5300	3
		Offer	3.5760	3.5760	—
New Zealand.	Pound	4.8666			
		Bid	3.5440	3.5440	1½
		Offer	3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

C. H. PAYNE, Director

Argentina

J. A. STRONG, Commercial Attaché, Bartolome Mitre 478, Buenos Aires (1). (Territory includes Uruguay.) *Cable address, Canadian.*

Australia

Sydney: **L. M. COSGRAVE**. Address for letters—P.O. Box No. 3952V. Office—City Mutual Life Building, Hunter and Bligh Streets. (Territory includes the Australian Capital Territory, New South Wales, Queensland, Northern Territory and Dependencies.) *Cable address, Canadian.*

Melbourne: **FREDERICK PALMER**, 44 Queen Street, Melbourne, C.I. (Territory includes States of Victoria, South Australia, Western Australia, and Tasmania.) *Cable address, Canadian.*

Brazil

L. S. GLASS, Commercial Attaché. Address for letters—Caixa Postal 2164, Rio de Janeiro. Office—Ed. "Brasilia," Sala 1110, Av. Rio Branco 311. *Cable address, Canadian.*

British India

PAUL SYKES. Address for letters—P.O. Box 886, Bombay. Office—Gresham Assurance House, Mint Road, Bombay. (Territory includes Burma and Ceylon.) *Cable address, Canadian.*

British West Indies

Trinidad: **G. A. NEWMAN**. Address for letters—P.O. Box 125, Port of Spain. Office—Colonial Life Insurance Building. (Territory includes Barbados, Windward and Leeward Islands, and British Guiana.) *Cable address, Canadian.*

Jamaica: **F. W. FRASER**, P.O. Box 225, Kingston. Office—Canadian Bank of Commerce Chambers. (Territory includes the Bahamas and British Honduras.) *Cable address, Canadian.*

Chile

M. J. VECHSLER. Address for letters—Casilla 771, Santiago. (Territory includes Bolivia.) *Cable address, Canadian.*

Cuba

J. L. MUTTER. Address for letters—Apartado 1945, Havana. Office—Royal Bank of Canada Building, Calle Aguiar 367, Havana. (Territory includes Haiti, the Dominican Republic, and Puerto Rico.) *Cable address, Canadian.*

Egypt

Acting Trade Commissioner. Address for letters—P.O. Box 1770, Cairo. Office—22 Shari Kasr el Nil, Cairo. (Territory includes the Sudan, Palestine, Cyprus, Iraq, Syria, Iran and Turkey.) *Cable address, Canadian.*

Ireland

E. L. MCCOLL, 66 Upper O'Connell Street, Dublin, Ireland (*cable address, Canadian*); and 36 Victoria Square, Belfast, Northern Ireland.

Mexico

C. S. BISSETT. Address for letters—Apartado Num, 126-Bis, Mexico City. Office—Edificio Banco de Londres y Mexico, Num, 30, Mexico City. (Territory includes Guatemala, Honduras, and Salvador.) *Cable address, Canadian.*

Newfoundland

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Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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MILK PRODUCTION IN THE UNITED KINGDOM

G. R. PATERSON, ANIMAL PRODUCTS TRADE COMMISSIONER

London, July 14, 1942.—The present British Government has been credited with being the first to give really effective leadership in two closely related matters affecting the health and wealth of the nation: nutrition and agricultural development. In a recent report to Parliament the Minister of Health referred to the general improvement in the physical fitness of the population since the outbreak of war. A major share of the credit for this achievement, which has been accomplished notwithstanding restrictions in both the volume and variety of foodstuffs, must be given to the Ministry of Food.

One of the most important basic articles of diet is milk. All the fluid milk consumed in the United Kingdom is of domestic production, but insufficient supplies and inadequate methods of distribution prevent the fullest possible benefits from its use being made available to the whole population. Since the beginning of the war, however, the Government has encouraged the allocation of increased quantities of milk to certain classes, particularly growing children, much of it in the form of free milk to schools.

CONSUMPTION REQUIREMENTS

It has been estimated that the average milk consumption per person in the United Kingdom in May, 1942, was just over 0.4 pint per day. This is a slight increase over pre-war consumption, but it is only half the quantity considered by nutritional authorities to be required to raise the nutritional level to that at which optimal physical growth and general health, as far as it is dependent on nutrition, may be attained. This rate of consumption, 0.8 pint per person

per day, would require in the United Kingdom 1,650 million gallons of milk per year, and, to be evenly distributed, represents 140 million gallons per month, winter and summer alike. To accomplish this, milk production would have to be increased by 75 per cent in winter and 30 per cent in summer. No doubt part of these requirements could be met by dried milk imported from other countries, but it is estimated that the amount that could be imported would make up only a relatively small part of the total required. In any event its uses would in all likelihood be limited to bread and confectionery making and to restaurants and catering establishments.

All branches of the milk industry are faced with many problems that require solution before any major improvement in the supply position can be expected. Furthermore the industry is so constituted that no important changes can be effected without due and careful consideration. The war has served as a stimulus to thought and action, with the result that the Government and leaders in the industry are now combining forces and putting into operation plans to expedite the desired improvements.

PLANS FOR IMPROVEMENT

As the three principal problems—quantity, quality and distribution—are more or less inseparable, it is proposed to deal briefly with some of the plans for general improvement as follows:—

1. *Production per Cow.*—The average domestic production of milk per cow in pre-war years was between 520 and 550 gallons annually; owing to available supplies of feeding stuffs being reduced, the present yield is estimated to be 460 gallons. It is considered, however, that over a period of ten years, by taking advantage of every means of improvement that is presented, the average production could be increased to between 700 and 750 gallons per cow per year. As the yield per cow in Denmark ten years ago was approximately 700 gallons, the objective set for the United Kingdom does not seem unreasonable.

2. *Number of Cows.*—In 1939 the total number of dairy cattle in England, Wales and Scotland was about 3,500,000 head, of which 2,600,000 head were cows and heifers in milk. It is estimated that, given an increase in production per cow to 700 gallons per year, approximately 1,000,000 additional head of dairy cattle would still be required to provide the necessary quantity of fluid milk and also supply milk for manufacturing purposes.

3. *Improved Breeding Methods.*—Throughout the United Kingdom dairymen are showing great interest in the development of artificial insemination, in a general tightening up of the licensing of bulls by the Ministry of Agriculture, and in the introduction of more compulsory methods of cow testing.

4. *Control of Bovine Diseases.*—A co-operative scheme for the control of bovine diseases, other than tuberculosis, has recently been introduced. The diseases included in the scheme are: mastitis, contagious abortion, sterility, and Johne's disease, which together are said to result in annual losses of £20 million to £25 million.

The National Farmers' Union of England and Wales, the National Veterinary Medical Association and the Ministry of Agriculture and Fisheries prepared the scheme which came into operation on June 1, 1942. As a result of research carried out over a period of many years, effective methods of control of these diseases are now available, having been worked out by the Agricultural Research Council as the most suitable in the light of present-day knowledge. The scheme consists of an arrangement between the farmer and his veterinary surgeon by which each will do his part in carrying out the approved methods of control. In each case the Ministry of Agriculture will provide free laboratory services for such diagnostic work as may be necessary, abortion vaccine free of cost, and sulphanilamide at a greatly reduced

charge. The scale of fees agreed upon by the National Veterinary Medical Association are as follows:—

Cows—(a) In herds up to and including 50 cows:	
For every cow up to and including 10	12s. 6d.
For every cow over 10	10s.
(b) In herds of over 50 cows: For every cow.....	10s.
Heifers.—For each heifer from the age of 6 months to the day of first calving	2s. 6d.

The fees set out in the above scale will be subject to a reduction of 10 per cent in the second year and of 20 per cent in the third year of the period covered by an undertaking.

A charge of 2s. 6d. will be made in the case of any animal treated with sulphanilamide. The veterinary surgeon may also charge travelling expenses at the rate of 4d. per mile for any mileage in excess of 10 each way.

Each undertaking will be for a minimum period of one year, but it is recommended that the period be two or three years in order to encourage that continuity of effort which is essential if the best results are to be obtained.

Such an arrangement calls for a high degree of co-operation on the part of the farmer, but it is considered that the additional precautions that he must take to ensure the success of the control methods will play an important part in the general improvement of herd conditions.

5. *Better Farming Methods and Improved Herd Management.*—In the past the dairy farmer in the United Kingdom has been largely dependent on imported feeding stuffs and tended increasingly to use grass merely for grazing in summer and as an exercise ground for the cattle in winter. This resulted in loss of soil fertility and an increase in cattle diseases. There is no doubt that some of the methods that are now being employed in wartime to increase home production of feeds will continue into the post-war period. These methods are likely to assist in more even distribution of feed supplies throughout the year.

Sixty per cent of the dairy farmers in the United Kingdom have herds of less than fourteen cows. It is doubtful if the total number of cows can be increased during the period of the war, but there is some likelihood that the smaller units may be amalgamated, thus increasing the general efficiency.

It is estimated that 75 per cent of the buildings used by dairymen for housing of their stock are for one reason or another unsuited for this purpose. A considerable amount of reconstruction on more modern lines was in progress prior to the outbreak of war, and it may be assumed that this will be resumed as soon as possible.

6. *Reorganization of Distribution.*—In the past a great deal of fluid milk has been distributed by producer-retailers. Of the 60,000 so engaged it is stated that no less than 30 per cent retailed less than one gallon per day; 30 per cent retailed from one to five gallons, and 15 per cent from five to ten gallons.

A new milk scheme comes into operation on October 1. It includes a compulsory plan to rationalize distribution through local associations of distributors in areas having populations in excess of 10,000 and permits producer-retailers to operate only in areas of less population. The scheme is specifically designed to eliminate duplication of transport and distributive effort.

7. *Improvement of Quality.*—The new milk proposals also include a national scheme to prevent losses due to souring and to obtain higher quality all round. As soon as it is possible to do so, all milk sold by producers will be subject to standard tests. At present there will be no price differentiation, but within a short time milk that does not come up to an agreed market standard—i.e., suitable for fluid use—will be graded as “salvage”—fit for manufacturing purposes only—and paid for accordingly or rejected, in which case nothing will be paid for it. The Ministry of Agriculture urges that the vital importance of milk to the nation must be impressed on everyone engaged in production and distribution.

There is developing an all-out campaign for milking hygiene, proper sterilization of utensils, milk cooling and minimum delay in collection and delivery to depots.

As far as possible all milk passing through collection depots will be pasteurized, or brine cooled and delivered to wholesalers or retailers who can pasteurize the milk, before it is supplied to the public.

BUSINESS CONDITIONS IN SCOTLAND

G. B. JOHNSON, CANADIAN TRADE COMMISSIONER

Glasgow, July 4, 1942.—The Deputy Chief Industrial Commissioner stated in a report recently issued that in the Scottish districts the time lost through strikes in the heavy industries has been negligible since the war began. From October, 1940, to March, 1941, the time lost through strikes in shipbuilding was only 0.25 per cent, and in April and May of the present year the figure was 0.04 per cent. These figures represent the continuous loss of one man's work out of 400 and 2,500, respectively. The corresponding figures for engineering were 0.40 per cent and 0.004 per cent, or one man's work out of 250 and 25,000, respectively.

The record for absenteeism, however, is not so good, especially among younger men, although statements appearing in the press are probably exaggerated. No figures for absenteeism have been published. Nevertheless, this matter has been giving concern to trade union officials as well as employers. Both the shop stewards in Clyde shipbuilding and engineering establishments and the Confederation of Shipbuilding and Engineering Trade Unions (Clyde District) have been active in reducing to a minimum irregular time-keeping. However, absenteeism is due in some degree at least to illness or fatigue resulting from long hours of hard work.

Most of the material produced in the local steel work is being absorbed by the local shipbuilding and engineering establishments and by the armament works, and little is left for industries not engaged directly in war work. The steel works are now handling larger outputs than at any time since the war began. The pressure for delivery to the shipyards of plates and sections is an indication of the drive for increased production of ships.

Raw materials for the steel works continue to be available in satisfactory quantities. The removal of iron railings from parks and private property is providing large quantities of scrap.

ALCOHOLIC BEVERAGES

The increased excise duties on wines and spirits imposed by the Chancellor of the Exchequer was the chief factor affecting the trade during the past quarter. The duty on spirits now stands at 137s. 6d. per proof gallon as compared with 72s. 6d. before the outbreak of war. While supplies have been short, owing to the reduction in distilling and the increased demand resulting from full employment and increased wages, it is not yet apparent whether or not the demand will fall because of the prices now prevailing, which are now almost double those charged prior to the war. Export business is relatively quiet.

PAPER TRADE

Supplies of paper continue to be much reduced, and licences can only be obtained for quantities required for essential purposes. For the new licence period, beginning July 1, it is expected that regulations will be similar to those in effect during the period just ending. The greatest economy in the use of paper is still urgent, since supplies of raw material are too short to

permit of any relaxation in the conservation policy regarding paper which has been so long in force. The salvage campaign to save paper of all descriptions for re-pulping continues. As little paper is available for export markets, licences for export are not readily obtainable.

TIMBER TRADE IN THE CLYDE AREA

During the past quarter, imports of timber have been small and the demand has been heavy. As a result, the use of home-grown timber has expanded. It is considered, however, that it is marketed too green, which is probably accounted for by wartime conditions.

PRODUCTION OF ELECTRIC LAMPS IN IRELAND

E. L. MCCOLL, CANADIAN TRADE COMMISSIONER

Dublin, August 5, 1942.—Before 1935 all the electric lamps used in Eire were imported. During that year, in pursuance of the Government's policy of industrial independence, an entirely Irish company—Solus Teoranta (Light, Ltd.)—was formed and a well-equipped factory was constructed at Bray, Co. Wicklow, for the production of all types of electric lamps and neon signs, which is one of the highly technical branches of manufacture carried on in Ireland at the present time. The success of the undertaking attests its good management and the excellence of its products.

Following the rapid electrical development throughout the country, the plant was extended, and in 1939 additional equipment was installed that doubled the former output and ensured a supply of lamps sufficient to meet the requirements of the whole of Eire. The firm's policy has been to keep abreast of improvements in the electrical industry and to give its customers the benefit of both lighting efficiency and price reductions. In pursuance of this policy the cost to the public of the 60-watt gas-filled lamp was reduced even after the first year of war; the 1941 price was 1s. 4d. as compared with 1s. 7d. in 1935. The retail price schedule showed a steady downward trend until 1941, when the sequence was broken on account of the increased cost of raw materials, freight, insurance, power and fuel. The cost of primary materials has risen by roughly 80 per cent, while the price to purchasers has increased by only approximately 15 per cent over the lowest level recorded.

RAW MATERIALS

Owing to the outbreak of war, many of the markets formerly available to the company for the purchase of their requirements in raw materials have now been closed. Prior to 1941 the firm imported its glass bulbs from England, Austria, Germany and Belgium and, since the outbreak of war, a small quantity was obtained from the United States. Now, however, the company is making them from domestic sand and chemicals obtained from the United States and England. This is one of the many problems resulting from the necessity of finding new sources of supply and from the consequent technical adjustments required to meet the changed methods attendant upon the processing of substitutes.

PRODUCTION

The present rate of lamp production, after three years of war, is roughly two million per annum, which is as high as that in any previous period. A complete range for house lighting from 15 watts to 1,500 watts in all voltages is manufactured as well as all types for automobile and cycle dynamos.

IMPORT QUOTA RESTRICTION

As a protective measure, an import quota for electric lamps was imposed by the Eire Government, effective October 5, 1936. By a new order a further

quota for electric filament lamps of 100-250 volts, 1-1,500 watts, has been announced for the period August 1, 1942, to January 31, 1943, and the quantity is fixed at 100,000 units. The number is the same as that allocated for the previous twelve months' period.

CUSTOMS DUTIES

According to the current Irish customs tariff, the duties on imports of electrical filament lamps are as follows: full rate, 75 per cent ad valorem; on imports from the United Kingdom and all Commonwealth countries, 50 per cent ad valorem. Electric filament lamps for scientific, medical or surgical purposes are exempt from duty.

WOOL INDUSTRY OF AUSTRALIA

L. M. COSGRAVE, CANADIAN TRADE COMMISSIONER

Sydney, June 19, 1942.—The announcement by the British Government of an increase of 15 per cent in the price to be paid for the Australian wool clip, beginning next season, has been welcomed throughout the Commonwealth and, in view of the increased costs of production consequent upon wartime conditions, will prove of the greatest benefit to Australian wool-growers and react most favourably on Australian economy.

The number of countries to which wool can now be exported from the Commonwealth has never been so limited in modern times as during the past two years, but, as a result of the British contract, conditions have remained remarkably stable in this the leading industry of Australia.

The importance of wool to Australia may be determined by the fact that the three wartime wool clips have been worth approximately £186,000,000 (\$665,880,000). Fortunately also, the production of wool in Australia during the period of the war has been at record levels, the estimated quantity grown during the past three seasons being as follows: 1939-40, 3,669,400 bales; 1940-41, 3,611,923 bales; and 1941-42, 3,590,000 bales.

The average for the three seasons is, therefore, 3,623,000 bales, an increase of 360,000 bales over the average quantity produced during the three years prior to the opening of hostilities.

In contrast with the situation during the first World War, the amount of wool covered by the current British wool purchase far exceeds the 1916-20 contract arrangement, Australian production at that time averaging only 1,926,500 bales annually; the present increase is nearly 88 per cent higher.

Despite unfavourable weather conditions and widespread drought, relieved by country-wide rainfalls only during the past three months, the number of sheep in Australia has reached a record level. The latest available figures indicate an estimated total of 122,000,000; this is an increase of 11,000,000 since the beginning of the war and compares with the 1913 figure of 85,000,000.

Australia's clip for the 1941-42 season is officially estimated up to June 30, 1942, the end of the fiscal year, and is expected to realize approximately £60,000,000 Australian currency (\$214,800,000). Under pre-war conditions this would be a very satisfactory turnover, but abnormal hand feeding, due to drought conditions, pasturage difficulties, and the necessity of transporting stock long distances to new agistment areas have made present returns barely equal to production costs.

The contract price at which the United Kingdom Government has purchased Australian wool for the past two years, namely 13·4375d. per pound, was designed to provide a moderately satisfactory return. The successful conclusion of the recent negotiations between the Australian and British Governments, whereby there will be an increase of 15 per cent in the price for the next wool clip, has been welcomed, therefore, throughout the industry, as it will serve to meet satisfactorily the increased wartime costs.

CENTRAL WOOL COMMITTEE

The operations of the Central Wool Committee have met with wide approval by the Australian wool industry, particularly as this Committee was called upon to perform all the functions formerly carried out by long-established wool buyers and classifiers both in Australia and from overseas. The activities of the Committee not only embrace the offering and appraisalment of wool but also its subsequent distribution for export, local consumption and storage of surplus supplies in specially erected units.

Financial activities alone have involved many complicated problems, including the receipt of money from the British Government, its distribution through the Commonwealth Bank to selling brokers for remission to growers, collection of payments for wool resold to users abroad and locally, the investment of temporarily held funds, and the handling of money paid to carriers, dumpers, scourers, repackers, fellmongers and essential employees.

As the Committee has virtually operated as a trust on behalf of both the growers and the British Government, its operations have, of necessity, required meticulous care in the classification of wool into particular types, whereas purchasers under the former auction system were permitted considerable latitude by overseas principals in order to fill bulk orders. The Committee is representative of growers, brokers, and buyers, and its members have had long experience in all departments of the wool industry.

AUSTRALIAN MILL CONSUMPTION

A recent analysis of the consumption by Australian mills of the total wool clip shows that Australian production of fabrics has doubled during the past ten years, and since the year prior to the opening of hostilities production has increased by 60 per cent. This production includes apparel, equipment and blankets for the Australian naval, military and air forces as well as other forces in the eastern areas of hostilities, all mills working two to three shifts daily to meet the increasing demands.

Domestic trade in civilian fabrics has been largely allowed to lapse in order to meet national needs.

Undoubtedly, the increased activity and productive capacity of the Australian mills has resulted in a marked saving in essential shipping space which in the ordinary course of events would have been required for the sea carriage of large quantities of wool to Great Britain for subsequent reshipment to the forces in the Middle and Far East in the form of uniforms and other military equipment. Purchases of wool by Australian manufacturers increased from 67,939 bales in 1912-13 to 283,839 bales in 1932-33 and 407,479 bales in 1940-41. Current consumption is equal to 20 per cent of the entire Australian wool clip produced in the 1914-18 war years.

Similarly the carbonizing industry, which was not even in existence in 1914-18, has now become an important Commonwealth activity, and from the commencement of the British purchase scheme up to June 30, 1941, 250,160 bales were required by Australian carbonizers, all plants being fully employed.

Far larger quantities of sheepskins have been fellmongered in the Commonwealth since the war began, due largely to the curtailment of skin exports as a result of shipping difficulties. Prior to the collapse of France that country was the most important outlet for skins for fellmongering and, with that outlet eliminated, a marked increase has taken place in local fellmongering, although a shortage of the skilled labour required for this highly developed process has hampered operations to some extent.

The Australian scouring industry has also been operating with greater regularity than in pre-war times, although not to the same extent as the carbonizing plants, as the amount of wool available for the scourers is largely dependent upon seasonable conditions.

During 1939-40, 230,701 bales of greasy wool were allocated by the Central Wool Committee for treatment at Australian scouring establishments, while the total for 1940-41 was 266,098 bales. Full details are not, as yet, available for the 1941-42 crop, but a similar increase may be expected.

CONSUMPTION OF WOOL OVERSEAS

The volume of wool exports from Australia has been maintained at a surprisingly high level in view of the shortage of shipping space and the loss of European markets.

In the last wool season prior to the war, direct shipments to enemy and enemy-occupied countries were approximately 1,500,000 bales in addition to substantial re-exports from the United Kingdom purchased at London sales. Although these exports have ceased, increased consumption in Australia and unexpected demands from other quarters have compensated to a great extent for the temporary loss of European markets, the most serious reduction being in tops and yarns, which were largely purchased by the European countries.

The use of wool in Great Britain is now largely confined to government orders for the British and Allied fighting forces, particularly Russia, but a marked decrease has occurred as compared with 1914-18, when United Kingdom manufacturers were supplying the bulk of the equipment for the French and Belgian armies, while renewal of British uniforms has not been on the same scale. This is in part due to the increased use of cotton and the concentration of fighting in tropical countries.

Naturally also, the severe rationing of wool for civilian purposes to conserve shipping space and eliminate luxury spending has reduced shipments of the higher grade wools. The opinion of the Central Wool Committee in Australia is that the curtailed use of wool in Great Britain has not resulted in a diversion to other textile fibres.

UNITED STATES CONSUMPTION

A particularly encouraging feature in Australia is the marked increase in United States consumption of wool, which in 1941 totalled 3,300,000 bales, exceeding all previous records by over 30 per cent. American orders placed for the army and navy totalled over 92,000,000 yards of woollen fabrics and over 6,000,000 blankets, and as the United States program is for an army of 5,000,000 to 6,000,000 men with 80 to 90 pounds of greasy wool being required to equip each soldier, it is obvious that heavy imports must be made to supplement the United States domestic production of approximately 1,500,000 bales.

Arrangements, therefore, to store large quantities of Australian wool for British account in the United States will, it is expected, ensure continuity in the movement of Australia's exportable surplus, despite the fact that more wool is being produced in all countries combined than is being used.

The Australian Central Wool Committee is also watching carefully the world situation in respect to artificial fibres, but it is pointed out that up to the outbreak of war every fleece of wool grown was required for world needs, and evidence to date does not indicate that substitute fibres are replacing natural wool to any great extent. It is further pointed out that Europe imported over 3,500,000 bales of wool from all sources during 1938, the last pre-war year, and, although in European countries artificial fibres had been used to a greater extent than formerly, wartime conditions have shown that both the troops and civilians have suffered privations due to the lack of natural wool clothing and, if the prices of woollen goods are maintained at reasonable levels, post-war sales of the Australia product should tend to increase. Similar factors are expected to influence purchases in the Far East, particularly China and Russia.

It will be recalled also that after the 1914-18 war it was expected that the vast surpluses then available would cause a depressed market for many years, whereas the accumulation of raw wool actually represented the quantity of woollen goods usually in the possession of the distributive trade, and stocks were rapidly absorbed to meet pressing civilian replacement needs.

MARKET FOR LINGONBERRIES IN THE UNITED STATES

C. H. WEST, ASSISTANT TRADE COMMISSIONER

New York, August 19, 1942.—Lingonberries (or fox berries, as they are probably better known in Canada) are similar to cranberries. They have a pronounced acrid flavour, and are especially relished by Scandinavians, who cook the berries with sugar into a form of sauce, which they use with meat courses. Possibly half the total imports into the United States are consumed in this way, the remainder being sold to industrial users for manufacturing into a preserve. One of the important outlets for the latter is in supplying Scandinavian vessels that provision in American ports.

At one time Sweden was the principal source of supply, but shipments therefrom arrived in poor condition, and eventually Newfoundland suppliers succeeded to the trade. Certain quantities of lingonberries also come from the Maritime section of Canada.

IMPORTS

There are no official figures of United States imports of these berries, but it is estimated by one New York broker that the total consumption in the United States is about 4,000 barrels per year. New York and Chicago are the principal markets, but small quantities also are distributed in other cities such as Boston, Duluth and Milwaukee, in which, doubtless, the demand originates with the Scandinavian population.

PACKING

Lingonberries are customarily packed in barrels in clear water. The Newfoundland shipper uses a 20-gallon barrel containing 100 pounds net of fruit, whereas the usual Canadian barrel has a capacity of only 18 gallons. This difference in the size of the container is of no importance to the trade, except, of course, that quotations vary accordingly.

It is important that the berries be picked before they are too ripe, otherwise they are inclined to break during shipment. On the other hand it is emphasized that the berries must not be green but of uniform ripeness and firm. Care should also be taken that the berries are free from worms, stems and leaves, and sand or dirt of any kind.

PRICES

The marketing season for lingonberries extends from October to March. Last season Newfoundland berries sold for as high as \$11 a barrel c.i.f. New York, and \$10 was the minimum market level.

A small carryover of lingonberries from last year is reported, with one Newfoundland shipper offering several hundred barrels. This old stock probably would have to be disposed of at a sacrifice and would not likely affect the demand for the new crop.

Under the General Maximum Price Regulation which became generally effective on May 11 of this year, the products of canners and preserve manufacturers became subject to a price ceiling as represented by the highest prices charged to their customers in March last. This naturally will largely determine the market prices for lingonberries during the coming season and will keep quotations fairly well in line with those of last year.

An importer still is permitted to pass on to a commercial user any advance he may have to pay over the March level for an imported commodity, inclusive of increased selling prices abroad. However, to come within this regulation an importer may only sell above his maximum price in March to a buyer who processes the commodity in some manner, and the latter must absorb any increased costs that he paid to the importer for the imported commodity.

Obviously, therefore, an importer of lingonberries who in turn sells to a preserve manufacturer can only meet selling prices in advance of the level prevailing last March to the extent he and his customer are prepared to share this increase and thereby reduce their own profits. Likewise, if the manufacturer imports directly for his own account, he would have to absorb the entire price increase himself.

In recent amendments to the General Maximum Price Regulation, the ceiling on canned berries and preserves was raised by approximately 15 per cent. However, from the present wording of the amendments they would not appear to apply to lingonberries, in which case these berries are still governed by March prices when used in manufactured form.

The General Maximum Price Regulation excepts from its operations any raw and unprocessed agricultural commodity. Since imported lingonberries are merely packed in water, they no doubt would come within this exception when resold in this country in the same condition. Thus the proportion of lingonberries which are sold for home consumption is not directly affected by price ceilings. On the other hand sales to housewives may be curtailed by the rationing of sugar, which likewise might affect the operations of commercial users, although to date the latter report that they have been able to obtain all their requirements.

The duty on lingonberries is five-eighths cent per pound from all sources.

The names of United States firms desirous of handling lingonberries may be obtained by interested Canadian exporters on application to the Canadian Government Trade Commissioner, 620 Fifth Avenue, New York City; or 435 North Michigan Avenue, Chicago, Illinois.

CONDITIONS IN ARGENTINA, JANUARY-JUNE

J. A. STRONG, CANADIAN COMMERCIAL ATTACHÉ

Buenos Aires, July 15, 1942.—There is still comparatively little outward evidence of the effects of the war in Argentina apart from developing shortages of certain raw materials. The effect of these shortages is still scarcely reflected in the availability of essential consumer manufactured goods, but non-agricultural wholesale prices have risen sharply. Industrial employment is at an all-time high.

Argentina is experiencing one of the most severe winters on record, and the fuel problem is consequently to the fore. Gasoline and fuel oil are being rationed. The country is fortunate, however, in having a domestic production of crude petroleum sufficient to meet two-thirds of normal consumption. There has been little rain for several months, and this, combined with the unusually severe frosts, has affected the condition of the winter pastures. It has been rather difficult to plough for wheat. Live-cattle prices continue at very high levels. On the other hand the unsalable grain surpluses represent as serious a problem as ever. Corn is being used for fuel, and there has been an increasing consumption of feed due to the condition of the pastures. Corn is very cheap, and cattle are bringing unusually high prices.

EXPORTS

The value of Argentine exports during the first half of 1942 was 21.4 per cent higher than for the corresponding period of 1941. As compared with the 1941 period, meat shipments were up 2.7 per cent in volume, but the increase in value was 41.6 per cent, due to higher unit prices and the fact that much of the frozen meat is now shipped de-boned. Live-hog prices are up 38 per cent since the beginning of the year and meat prices generally 21 per cent. Cattle slaughterings for Argentina and Uruguay to May 31 were 2,497,569

head as compared with 2,475,458 head for the corresponding period of 1941. Hog slaughterings in Argentina are up 34 per cent, due to heavier shipments of frozen pork to the United Kingdom. The following table shows the volume of exports of the principal commodities from Argentina during the first six months of 1942 as compared with those for the corresponding period of previous years since 1938:—

Argentine Exports of Animal Products and Grain

	1942	1941	January-June 1940	1939	1938
Meats—		Figures in Thousands of Pounds			
Chiller quality beef	341,656	356,361	360,880	386,069	375,510
Freezer quality beef	82,738	91,284	169,793	125,859	113,513
Frozen mutton	105,533	55,700	100,852	59,246	58,235
Canned meats	130,104	185,972	73,841	100,143	75,223
Pork and pork products	53,929	26,339	4,618	11,907	19,166
Offals	275,382	271,232	260,514	274,441	195,048
Butter	23,883	23,871	13,945	7,861	6,091
Wool	81,312	219,130	131,325	183,621	163,862
Cattle hides	130,976	164,857	164,196	168,449	131,677
Total value animal products ..	562,177	Figures in Thousands of Pesos			
		490,277	432,404	347,602	323,151
Grain—		Figures in Thousands of Bushels			
Wheat	41,398	47,750	84,031	85,992	45,087
Corn	2,840	10,992	53,266	65,796	22,190
Flaxseed	9,293	9,118	24,161	29,774	24,826
Oats	560	2,748	12,988	10,735	17,252
Barley	2,868	1,909	15,181	8,640	8,881
Wheat flour	268	Figures in Thousands of Barrels			
		219	458	549	403
Total value agricultural products	201,274	Figures in Thousands of Pesos			
		156,501	428,600	406,092	348,949

Argentina's wool stocks at June 1, 1942, were estimated at 109,234 tons. This figure includes 84,234 tons in the hands of exporters, the remainder being on the farms, as compared with 49,747 tons in the 1941 period. An estimated 47,923 tons were sold but awaiting shipping space on June 1, 1942.

Argentine exports of vegetable oils this year have been 66,561 tons as compared with 10,870 tons during the first half of 1941. On the other hand, casein exports were only 11,178 tons as compared with 20,546 in the 1941 period. Butter prices are 10 per cent below the level of a year ago.

IMPORT TRADE

The removal of all restrictions on imports, although high exchange rates still apply to non-essentials, has had little effect in practice, due to export controls and shipping priorities in the supplying countries. Naturally there has been a sharp decline in iron and steel, machinery, automotive product and fuel imports, and a reduction in paper arrivals, due to shipping difficulties. News-print imports are down to 34,994 tons as compared with 78,658 tons for the first half of 1941. Argentina is also importing less non-essential foodstuffs and beverages. On the other hand, textile imports have increased, largely from Brazil. The following table shows the imports of the principal classes of goods into Argentina during the first five months of 1942 as compared with previous years since 1938:—

Argentine Imports of Merchandise

	1942	1941	January-May 1940	1939
		Figures in Metric Tons		
Foodstuffs	70,527	90,527	116,835	121,125
Tobaccos	3,075	4,029	3,919	3,446
Beverages	984	1,593	2,795	2,304
Textiles	55,713	37,540	50,628	40,970
Chemicals	82,958	65,286	115,257	83,841

Argentine Imports of Merchandise—Con.

	1942	January-May		1939
		1941	1940	
		Figures in Metric Tons		
Paper	55,503	80,722	93,700	85,910
Lumber	213,521	183,019	181,460	221,656
Iron and steel manufactures	87,596	116,228	315,921	344,553
Machinery and vehicles	25,069	22,433	68,221	66,349
Base metals and manufactures	44,400	34,492	71,134	45,694
Stone, sand, etc.	636,223	725,123	867,821	872,785
Fuel	1,007,638	1,229,350	1,780,576	2,129,147
Rubber and manufactures	3,727	4,194	5,483	4,822
Sundry	19,722	13,266	30,230	28,560
Total	2,306,656	2,603,812	3,693,978	4,051,162

SOURCES OF SUPPLY

The value of goods supplied to Argentina by the United Kingdom to May 31 was greater than in the corresponding period of 1941. The United States has increased her share of the total import trade, however, at the expense of the United Kingdom. Imports from Brazil have also increased, largely in textiles and lumber, although other classes of manufactured goods are also being supplied. The following table shows the trends in imports of merchandise into Argentina by countries to May 31 in recent years:—

Argentine Imports of Merchandise by Countries

	1942	1941	January-May		1939
	1,000 Pesos		1942	1941	
				Per Cent	
United Kingdom	103,959	101,992	17.5	24.8	21.1
Europe—					
Spain	7,545	2,953	1.3	0.7	0.3
Sweden	31,786	3,939	5.3	1.0	2.1
Switzerland	11,547	8,886	1.9	2.2	1.6
Other European countries	8,330	17,307	1.4	4.2	37.8
Total European countries . .	163,167	135,077	27.4	32.9	62.9
United States	215,788	123,437	36.3	30.0	15.2
Canada	11,881	15,923	2.0	3.9	0.2
Brazil	86,680	38,365	14.6	9.3	4.2
Venezuela and Dutch West Indies*	40,327	26,237	6.8	6.9	3.9
Other Western Hemisphere countries	31,994	27,427	5.3	5.9	7.1
Total Western Hemisphere countries.. . . .	386,670	231,389	65.0	56.0	30.6
India†	32,095	19,655	5.4	4.8	2.1
Other Asiatic and African countries	13,090	25,961	2.2	6.3	4.4
Grand total	595,022	412,082	100.0	100.0	100.0

* Crude petroleum. † Jute.

BUSINESS INDICES

The effect of the war on Argentine trade, finance and industry is reflected in the following indices supplied by the Argentine Central Bank:—

Argentine Business Indices

	May, 1942	Dec., 1941	May, 1941	Year 1939
Wholesale prices—		Base, 1926=100		
Grain	61.0	60.2	59.7	77.6
Meats	134.5	111.4	105.7	94.5
Dairy products	93.3	98.2	90.6	83.0
All farm prices	82.5	79.7	75.5	83.6
Non-farm prices	215.6	194.3	150.0	114.8
General level	187.0	169.7	134.0	108.2

Argentine Business Indices—Con.

	May, 1942	Dec., 1941 Base, 1926=100	May, 1941	Year 1939
Industrial employment	124.1	120.7	....	108.5
External trade volume—				
Exports	59.7*	....	73.6*	99.4
Imports	52.7	....	44.4	79.6
Interest rates—	%	%	%	%
30-day treasury bills	0.67	0.76	1.97	2.06
90-day treasury bills	0.97	1.08	2.34	2.48
1-year treasury bills	2.23	2.24	2.95	3.00
Yield from National Government bonds	4.18	4.24	4.75	4.86
Bank figures—	Millions of Argentine Pesos			
Deposits	4,916	4,584	4,264	3,912
Loans	3,245	3,228	3,043	2,751
Gold and exchange held by Central Bank	1,647	1,541	1,379	1,395
Note circulation	1,482	1,380	1,233	1,191

* 5 months volume.

CONDITIONS IN URUGUAY IN 1941

J. C. DEPOCAS, ASSISTANT COMMERCIAL ATTACHÉ

Buenos Aires, June 30, 1942.—Uruguay has an area of 72,182 square miles (less than one-third of the province of Alberta) and a population of some 2,000,000. Montevideo, the capital, with its population of 600,000, is fifth among South American cities, after Buenos Aires, Rio de Janeiro, Sao Paulo, and Santiago (Chile). Montevideo is the metropolis, the principal seaport and the centre of political, financial, cultural and social activities.

The entire economy of the country is based on agriculture, with live-stock raising predominating and animal products accounting for 90 per cent of the total exports. The average wheat crop is usually sufficient for domestic requirements, but otherwise wheat must be imported as well as some corn and potatoes. Flaxseed is the only crop of which there is a small surplus for export.

The manufacturing industry is well developed, considering the size of the home market, but is dependent on foreign countries for practically all raw materials and partly manufactured articles. There is no mining of any account, although marble and sand are exported in considerable quantities to Argentina.

In wartime Uruguay does not have to face the difficult problems of grain-exporting countries, such as the disposal of surplus crops, the setting up of minimum guaranteed prices, government purchase and control, etc. On the contrary Uruguay is in a position to take full advantage of the increased demand and the high prices offered for meat, as a result of which her live-stock industry is prosperous. Her main problem is to secure essential consumption requirements of raw materials and of partly and totally manufactured goods from abroad. This problem is becoming more serious every day owing to the export restrictions of other countries and to a shortage of shipping.

Exports during 1941 increased over those in 1940 both in volume and value, while imports decreased in volume and increased in value. The total balance of payments was favourable in 1941, due to the tourist industry, the influx of refugees in more or less easy financial circumstances and the entry of foreign capital. Despite these factors, which indicate that the country is enjoying a period of prosperity, there was a net deficit in the national finances. Revenues were disappointing, owing to a decrease in customs collections and exchange profits and an increase in public expenditures. The deficit for 1941 was \$16,000,000 as against an estimated \$5,000,000; the deficit for 1942 has been estimated at \$15,000,000. The annual budget is about \$110,000,000.

FOREIGN TRADE

Only twice during the last twenty-five years (in 1929 and 1931) has Uruguay had an unfavourable external trade balance. During 1941 exports were valued

at U.S.\$70,225,000 as against U.S.\$66,460,000 in 1940, the principal purchasing countries being the United States with U.S.\$27,991,000 (U.S.\$28,556,000), and the United Kingdom with U.S.\$24,537,000 (U.S.\$22,930,727). Before the outbreak of war the United Kingdom was the leading purchaser of Uruguayan products, followed by the United States and Germany. Since the war Germany's share has been taken over by Japan and Sweden.

The main item of export to the United States is wool, while the principal commodity purchased by the United Kingdom is meat.

The following table shows the values in United States dollars of the principal exports from Uruguay during 1940 and 1941 and during the first three months of 1941 and 1942.

Uruguay's Principal Exports

	1940	1941	Jan.-Mar., 1941	Jan.-Mar., 1942
		Values in U.S. Dollars		
Animal products—				
Meats	14,361,000	21,311,000	3,095,000	4,640,000
Offals	692,000	742,000	192,000	119,000
Sub-products	1,459,000	2,805,000	194,000	534,000
Dried beef	275,000	416,000	22,000	50,000
Greasy wool	26,110,000	22,652,000	9,950,000	2,597,000
Washed wool	8,510,000	7,174,000	788,000	3,583,000
Cattle hides (salted)	3,664,000	5,839,000	950,000	780,000
Sheepskins	1,027,000	1,633,000	280,000	400,000
Dried hides	623,000	651,000	47,000	244,000
Leather . . . . .	.....	861,000	129,000	139,000
Agricultural products—				
Flaxseed	4,682,000	2,349,000	771,000	503,000
Other	608,000	31,700	*	*
All other products	4,449,000	3,535,000	*	*

* Figures not available.

Wool exports usually account for more than 50 per cent of the total value of shipments to all countries, but this was not the case in 1941 owing to a larger increase in the price of meats to the United Kingdom than in the price of wool to the United States, combined with an increase in the volume of exports of meat and a decrease in exports of wool. There was an increase of 6 per cent in volume in the exports of meat and of 50 per cent in prices. Wool exports were less by 25 per cent in volume and prices were down 13 per cent. Wool is still the leading item of export, but not by so wide a margin as in the past, and the future is uncertain. During the first seven months of the wool season ending April 30, 1942, exports comprised only 32,354 bales (of 926 pounds) as compared with 104,567 bales for the corresponding previous period. Shipments to the United States were, respectively, 22,026 bales and 92,514 bales. Prices, however, followed the upward trend of 1940-41, and the decrease in volume was partly offset by an increase in value. This upward trend in export prices was general for all commodities, but it was especially so in the case of wool, as indicated in the following table showing prices per 10 kilos (22.05 lbs.) of principal Uruguayan products:—

Uruguayan Prices of Main Commodities

	1939	1940	Jan.-Mar., 1941	Jan.-Mar., 1942
		Per 22.05 Pounds		
Wool—				
Super Merino	6.75	10.75	12.15	14.00
First Merino	6.45	9.25	10.56	12.00
Super fincross	7.27	9.66	11.53	11.50
Superior fincross	7.00	9.30	10.70	11.30
Live stock	1.05	1.14	1.24	1.36
Sheep	1.15	1.17	1.32	1.27
Hogs	2.39	2.45	2.84	3.24
Flaxseed	0.73	0.80	0.75	0.90

The following table shows exports to Canada for the years 1936 to 1940 inclusive:—

Exports to Canada

	1936	1937	1938	1939	1940
	Figures in Short Tons of 2,000 Pounds				
Canned meats	690	1,937	1,062	1,251	857
Salted beef . . . . .	....	27	8	....	....
Meat extract . . . . .	....	....	4	....	....
Lamb, chilled . . . . .	....	....	8	....	....
Offals . . . . .	....	....	16	....	....
Cattle hides, salted	52	273	53	116	105
Wool, greasy . . . . .	....	....	....	50	175
Wool, washed . . . . .	....	....	....	....	89
Casings, salted . . . . .	....	....	....	1.5	....

IMPORT TRADE

Imports of merchandise into Uruguay during 1941 were valued at \$63,134,656 as against \$54,933,687 in 1940. The favourable balance was \$7,710,935, almost equal to the exchange which has to be provided for debt services (\$6,264,693) and other services (\$1,865,233).

The import trade of Uruguay is under government control, all exchange derived from exports being surrendered to the Government. Approved essentials may be imported at a fixed preferred rate of exchange of 189.88 Uruguayan pesos to 100 United States dollars or its equivalent in other currencies. Other approved commodities may be imported subject to a higher but variable rate. This rate since the end of 1941 has been steady at 190 but prior to that time it was as much as 16 per cent higher than the fixed rate. Approved commodities are subject to a higher tariff. Quotas are allotted from time to time to certain countries, based on their purchases from Uruguay. In some cases part of the value of the imports under quota must be paid for at the preferred rate and the balance at the free rate. On June 4, 1942, the Banco de la República Oriental del Uruguay (Central Bank) made the following announcement:—

All imports of goods proceeding from the sterling area—the United States, Canada, other American countries and non-American countries with conventions and agreements in force (the latter group so long as they have quotas at their disposal)—will be financed until further notice through the controlled (preferential) exchange market; the imports from other countries will be paid for at the free rate.

The trade statistics of Uruguay require 750 pages to show item by item the imports into the country, while 75 pages suffice to present in detail all exports. This is an indication of the dependence of the country on foreign sources of supply for requirements of raw materials and partly and fully manufactured goods. The local manufacturing industry has been favoured and well protected by high tariffs and exchange control, and progress over a decade has been made in the sense that the percentage of imports of raw materials has risen while that of manufactured goods has dropped. This industry, nevertheless, is still limited in size and in the variety of its products. In the period 1931 to 1940 raw materials, hardware, articles of metal, sanitary supplies, and electrical accessories represented 60 per cent of all imports. During that decade raw material imports increased from 24.7 to 43.9 per cent, hardware imports dropped from 18.7 to 7.1 per cent, sanitary supplies from 16 to 7 per cent, and those of electrical material from 3.3 to 1.8 per cent.

The principal items of import in order of value are: crude petroleum, refined sugar, coal, fuel oil, gasoline, seed and table potatoes, tin plate, automobiles, steel shapes, machinery, bananas, cotton thread, coffee in grain, newsprint, lubricating oils, tires and tubes, Brazilian pine, olive oil, artificial silk thread, and paper. In 1940 these items accounted for 50 per cent of total imports.

IMPORTS FROM CANADA

At present Canada is the sole supplier to Uruguay of newsprint, asbestos, and seed potatoes.

Imports from Canada into Uruguay during 1941 were valued at \$930,610 and exports from Uruguay at \$688,378. The principal items imported from Canada were newsprint, seed potatoes, electric apparatus, farm implements, asbestos, apples, rubber boots and shoes, codfish, copper wire, iron valves, whisky, rolling-mill products, wallpaper, ferro-manganese and ferro-silicon, writing paper, upper leather, fox skins, medicines, calcium carbide, tires, pig lead and paints.

TRADE OF PUERTO RICO IN 1940-41

C. S. BISSETT, CANADIAN TRADE COMMISSIONER

Havana, July 5, 1942.—Trading conditions in Puerto Rico during the fiscal year ending June 30, 1941, were the most prosperous in the recent years of the Island's history. The combined value of the import and export trade was exceeded only in two years, 1920 and 1921, during which the price level was much higher than during the period under review. It is probable, therefore, that the tonnage of goods consumed was greater than in any year of the Island's history since statistics have been maintained.

BALANCE OF TRADE

The following table shows the value of the total imports and exports and the balance of trade for each of the fiscal years ending June 30 from 1930 to 1941, inclusive:—

Summary of Puerto Rico's Trade

	Imports	Exports	Trade Balance Fav.+Unfav.—
1929-30	\$ 83,633,464	\$ 99,651,078	+ \$16,017,614
1930-31	76,437,410	98,400,927	+ 21,963,517
1931-32	61,281,101	86,468,830	+ 25,187,729
1932-33	54,745,911	75,472,289	+ 20,726,378
1933-34	63,924,883	86,527,488	+ 22,602,605
1934-35	69,985,940	79,677,688	+ 9,691,748
1935-36	84,130,368	99,298,046	+ 15,167,678
1936-37	98,859,969	114,953,827	+ 16,093,858
1937-38	93,314,783	82,077,178	— 11,237,605
1938-39	82,716,068	86,486,570	+ 3,770,502
1939-40	107,030,482	92,347,242	— 14,683,240
1940-41	128,033,769*	87,349,204*	— 40,684,565

* Figures of exports to countries other than the United States include only those from July, 1940, to March, 1941, when publication of trade statistics was suspended.

The favourable trade balances of the past few years have varied greatly, but the average has been approximately \$15,000,000. The first unfavourable trade balance for the Island was recorded in 1938. This was brought about by very depressed economic conditions caused mainly by the poor prices at which sugar—the Island's main crop—had been sold, together with the restrictions on its sale, brought about by the application to the industry of the quota system by the United States Government. Because of the high cost of production, Puerto Rico can sell its sugar only in the protected mainland market. It cannot compete in world markets with the much cheaper sugar from Cuba, the Dominican Republic and other sugar producing areas in the West and East Indies.

By the end of that year the Federal Administration in Washington undertook to alleviate conditions in Puerto Rico through public works construction of various kinds. Substantial amounts of money were spent in the Island for

these purposes, and this was later greatly augmented when an extensive program of building for defence was begun a short while later. The net result was a period of exceptional prosperity in both the calendar years 1940 and 1941, and this trend still continues.

The result is reflected in the import and export figures for the last four fiscal years, as shown in the foregoing table. The consistently favourable balance of trade in past years, 1937-38 excepted, changed in 1940 and 1941 to an apparent heavy adverse balance. This, in fact, is statistical only. The import figures include the values of all the materials that went into the various federal building programs, both military and civilian. However, the Island did not pay for these materials and, consequently no counter-payment in the form of goods exported had to be made in order to balance accounts.

It was estimated that in the fiscal year 1939-40 out of a total federal expenditure in Puerto Rico of some \$43,000,000 there was a clear gain to the inhabitants of the Island of some \$19,000,000. Much the same situation prevailed in the year under review, except that it was carried out on an appreciably larger scale.

The Island's exports in 1940-41 could not possibly have sustained the high level of imports brought into the country. Considering the invisible imports, such as freight, insurance and banking services and dividends, the annual imports would not have exceeded some \$75,000,000 had they had to depend upon the total value of the goods exported in that fiscal year. Exports were adversely affected to a considerable extent by low prices as they were in the other sugar-producing areas in the Caribbean. It was not until the latter half of 1941, which was the beginning of a new fiscal year, that sugar prices began to improve, as did also the demand from the United States mainland, because of the curtailment of shipping, which prevented supplies from the outlying territories, such as the Philippines, from reaching the United States. Accordingly 1941-42 was a boom year since, added to the heavy federal expenditures, sugar exports increased to the point where the entire crop plus all accumulated surpluses were sold to the mainland. Since then the shipping shortage has begun to affect the Caribbean area, and while it continues the export level is expected to fall somewhat.

EXPORTS

The following table shows exports by commodity groups for the fiscal years ending June 30, 1940 and 1941:—

Exports from Puerto Rico

	1940-41	1939-40
Animals and animal products, edible	\$ 7,073	\$ 23,238
Animals and animal products, inedible	334,770	522,269
Vegetable food products and beverages	69,258,732	66,274,327
Vegetable products, inedible	7,874,409	6,150,572
Textile fibres and manufactures	6,730,110	16,476,917
Wood and paper	28,052	72,757
Non-metallic minerals	267,567	349,844
Metals and manufactures	212,022	255,836
Machinery and vehicles	135,119	223,269
Chemicals and related products	682,541	686,585
Miscellaneous products	791,948	557,558
Re-exports foreign merchandise	31,298	61,990
Returned United States merchandise	995,563	692,080
Total*	\$87,349,204	\$92,347,242

* See note appended to preceding table.

The statistical system used in Puerto Rico does not indicate the countries of destination or origin for either exports or imports, except the United States.

The trade with every other country is included in one single table for each of the import and export groups. It is, accordingly, impossible to discuss the relative importance of any particular foreign country in Puerto Rico's annual trade. This, however, is no particular handicap since, because of the monopoly control of the United States, no foreign country either purchases from or sells to Puerto Rico any comparably important volume of goods. In both of the years under review the United States accounted for over 96 per cent of the combined import and export trade of the Island. The mainland's share of the total exports during these years amounted to 99 per cent, the values being \$86,341,362 to the mainland as against \$1,007,842 to all foreign countries combined. As previously indicated, however, in the note to the foregoing table, this latter figure covers only the first nine months of the fiscal year.

As Puerto Rico is an integral part of the United States, its products enter the mainland free of duty and other taxes and have a preferred position in competition with similar products from the other areas of the Caribbean.

In the foregoing figures of exports to the United States is included \$31,298 covering re-exports of foreign merchandise, together with re-exports of United States merchandise amounting to \$995,563. The total value of exports to the United States of purely Puerto Rican products was accordingly, \$85,314,501.

IMPORTS

The total import trade of the Island by commodity groups for the same two fiscal years is shown in the following table:—

Imports into Puerto Rico

	1940-41	1939-40
Animals and animal products, edible	\$ 8,790,447	\$ 10,623,182
Animals and animal products, inedible	3,610,418	4,360,194
Vegetable food products and beverages	16,349,215	20,201,371
Vegetable products, inedible	5,106,522	6,017,593
Textile fibres and manufactures	12,056,345	20,204,929
Wood and paper	6,213,460	6,190,152
Non-metallic minerals	8,117,039	8,021,244
Metals and manufactures	7,905,897	8,575,597
Machinery and vehicles	11,976,633	10,415,000
Chemicals and related products	6,434,685	8,295,719
Miscellaneous products	3,633,828	4,125,501
Value of shipments from the U.S. from April, 1941, to June, 1941, inclusive*	37,839,280	.....
Total	\$128,033,769	\$107,030,482

* Detailed figures by commodities for this three-month period are not available, publication having been suspended.

As is the case with exports, the United States mainland practically monopolizes Puerto Rico's import trade. Of the total imports in the fiscal year 1940-41, the United States accounted for \$120,956,780, or 94 per cent of the Island's total import trade. The total value of imports from all foreign countries combined accordingly amounted only to \$7,076,989. This heavy share of the Island's trade has been increasing in recent years, and under current conditions is likely to continue to increase.

Among the contributions to the import trade by foreign countries one of the most important items is dried salt fish, which in 1940-41 accounted for about \$1,600,000. The main supplier was Newfoundland, but Canadian exporters supplied a fair amount. This item represents Canada's principal interest in the Island's import trade.

As the statistics do not show countries of origin, no survey of Canada's trade with Puerto Rico is possible.

TRADING WITH THE ENEMY

CANADIAN LIST OF SPECIFIED PERSONS

Inquiries received from time to time by the Department of Trade and Commerce indicate that Canadian exporters still do not understand clearly the composition and object of the Canadian List of Specified Persons established under the authority of the Consolidated Regulations Respecting Trading with the Enemy (1939).

The List of Specified Persons is a published list of firms and persons in neutral countries with whom intercourse or transactions of a commercial, financial, or any other nature without official permission constitutes the offence of trading with the enemy.

The List forms an integral part of the machinery designed to prevent enemy countries from obtaining any economic or financial assistance from British Empire or neutral countries. It consists principally of concerns controlled directly or indirectly from enemy territory (including enemy-occupied territory and certain other territories proscribed under the Trading with the Enemy Regulations), and of firms or individuals who have persistently evaded, or tried to evade, the contraband or enemy export controls. Persons controlled from enemy territory are enemies within the meaning of the Trading with the Enemy Regulations, whether or not they are included in the List of Specified Persons.

Additions to the List are made only after careful investigation in order that unnecessary damage to neutral or British Empire interests may be prevented. The Custodian of Enemy Property, Department of the Secretary of State, Ottawa, is always willing to consider representations from importers and exporters and other interested parties and to reply to inquiries on questions, such as the completion of unfinished transactions with persons placed on the List of Specified Persons. The Office of the Custodian is also prepared to advise, in cases where doubt is felt as to the legality or desirability, from the point of view of trading with the enemy, of dealings with persons not on the List of Specified Persons.

Enemy subjects who are not in enemy territory are not necessarily enemies within the meaning of the Trading with the Enemy Regulations, and it is not intended to specify persons in neutral countries as enemies merely because they are enemy subjects. Many subjects of enemy countries carry on business in neutral countries without assisting these countries, and in some cases are of assistance in the promotion of Canadian trade.

Nevertheless, enemy subjects, wherever they may be carrying on business, should be regarded with suspicion, and Canadian traders who employ enemy subjects as agents in neutral countries would be well advised to consider displacing them either by British agents or by nationals of the country concerned. Firms who experience difficulty in obtaining suitable alternative agents should consult the Department of Trade and Commerce, Ottawa, or the appropriate Canadian Government Trade Commissioners.

Copies of the Consolidated List of Specified Persons are obtainable from the Distribution Branch, Government Printing Bureau, Ottawa. The price is 25 cents each for single copies, with a reduction for purchases of 100 copies or more. The list contains the names of more than 9,000 persons, principally in Europe, Latin America, Japan and China. It is subject to revision from time to time, and additions, amendments and deletions which are found necessary are published in the *Canada Gazette*. Canadian firms that have extensive dealings with persons in neutral countries are strongly advised to obtain copies of the consolidated list and at the same time to arrange to receive revisions as published.

TARIFF CHANGES AND TRADE REGULATIONS

United States

THIN SULPHITE WOOD-PULP DUTIABLE AS PAPER

United States Treasury Decision 50688, published on July 30, cites Customs Bureau letters to Collectors of Customs at Ogdensburg and Detroit to the effect that certain merchandise described as sulphite wood-pulp, found to be less than 0.012 inch thick, is dutiable as paper, not specially provided for, at 30 per cent ad valorem under paragraph 1409, Tariff Act of 1930. It is announced that, as this ruling will result in assessment of duty on that product at a higher rate than formerly assessed under a uniform practice, the higher rate will apply in the case of goods entered for consumption or withdrawn from warehouse 30 days after publication of the abstract announcing the change in duty. The new customs treatment of the article, therefore, becomes effective after August 30, 1942.

United States

BALE TIES FOR HAY DUTY-FREE AS AGRICULTURAL IMPLEMENTS

The United States Customs Court on August 3, 1942, ruled (C.D. 673) that certain bale ties chiefly used in the baling of hay on the farm were duty-free as agricultural implements, Paragraph 1604 of the Tariff Act. The bales in question are composed of steel wire cut to length, with one end of the wire turned back and twisted so as to form a loop. Duty had been levied at the rate of 45 per cent ad valorem as manufactures of metal not specially provided for under Paragraph 397 of the Tariff Act. In the appeal against this rate it was claimed that the article should be classified either under Paragraph 317 of the tariff, which specifies "all wire commonly used for baling hay or other commodities" at the rate of $\frac{1}{2}$ -cent per pound, or under Paragraph 1604 as agricultural implements, in which case there would be no duty.

A previous Treasury Decision, 37964 of March 31, 1919, had classified wool presses as agricultural implements. This decision was cited as controlling, at least to the extent that the process of baling hay on the farm is an agricultural operation. The bale ties were held to be used extensively in preparing hay for the market, to perform an important agricultural function and to be implements within the meaning of Paragraph 1604 of the Tariff Act. They were consequently ruled as entitled to entry free of duty.

Egypt

COURT DECISION ON TRADE MARK PROTECTION

Mr. C. S. Burrill, Office of the Canadian Trade Commissioner at Cairo, reports that a question of considerable legal interest in connection with trade marks was argued in an appeal to the Cairo Mixed Court of Appeal from a judgment of the Cairo Mixed Commercial Court. The appellant had issued circulars to make it known to the public generally that he held the sole agency of the makers for the sale of certain American products in Egypt and that, in conformity with statutory provisions under the Trade Marks Act, 1939, he had proceeded with the registration of samples. Later he discovered that another party was selling the same products on the local market, which he had purchased from an American distributor at a price slightly higher than the price quoted by the makers. The owner of the trade mark took action to prevent the other party from selling the goods.

In rendering its decision, the Court of Appeal said that a distinction must be made between the case of a sole agent (who is not entitled to protection if the same goods are put on the market by another person receiving his supplies from other sources than the makers themselves) and an agent marketing a product bearing a distinguishing mark or commercial designation which is duly registered by the concessionary. The sole agency, it was stated, is a contractual monopoly which only concerns the relations as between makers and concessionary and cannot therefore affect the right of third parties to sell the same goods on the same market, whereas by the registration of the mark the property thereof is transferred from the original vendor to his concessionary, and the latter is therefore entitled to the protection of the courts. The right of property over a trade mark that is registered is specifically laid down in Section 3 of the Trade Marks Act, 1939, the material provisions of which are: "he shall be presumed sole proprietor of a trade mark who shall have proceeded with the registration thereof."

Iraq

REGULATIONS GOVERNING THE SOAP INDUSTRY

On account of inquiries made by Iraqi importers as to the possibility of obtaining supplies of soap from Canada, Mr. C. S. Burrill, Canadian Trade Commissioner's office at Cairo, calls attention to an Iraqi law and regulations which went into operation last year affecting trade in soap. The law prohibited the manufacture, import or sale of soap if it contains less than 50 per cent of fatty and rosin acids or more than two per thousand of free caustic alkali, calculated as Na_2O , or any ingredient prohibited by the Minister of Economics. The owner of imported soap which is found not to conform to the legal conditions specified may reshipe it out of Iraq. Selling of soap, whether domestic or imported, is prohibited unless the cakes or bars are clearly stamped with a trade mark registered in Iraq.

The Minister of Economics established specifications for soap which prescribed that the soap shall be well made, uniformly mixed, free from make-weights and suitable for use with moderately hard waters. The matter insoluble in alcohol is not to exceed 3 per cent or in water 1 per cent. The proportion of rosin is limited to 20 per cent of the total organic acids. Unsaponified fatty matter is not to exceed small traces. The foregoing ratios are to be calculated on the basis of 28 per cent moisture and volatile matter content.

The application of these specifications for soap may be postponed when there is scarcity of soap and prices advance to high levels, the postponement to take effect on notification by the Minister of Economics in the *Official Gazette*.

The aforementioned law and regulations are not applicable to soft soap and mineral soap so described on the soap itself or container, nor to soap powders, liquid soaps or medical soaps.

Peru

UNTANNED HIDES EXEMPTED FROM DUTY

Mr. W. G. Stark, Acting Trade Commissioner in Lima, writes that a Peruvian decree of June 30, 1942, exempts untanned hides from payment of import and consular duties. These amounted to 0.30 sol per kilogram (about \$2.30 per 100 pounds) and 6 per cent ad valorem respectively. An unemployment tax of 1 per cent ad valorem, however, remains in force. The exemption is provisional on the hides being imported directly for the industrial necessities of tanners established in Peru. The suspension is to remain in force as long as there is a shortage of untanned hides, but the Government may lift it if an immoderate rise in price for the goods manufactured from the raw material is noted.

Chile

DUTY ON WHEAT FLOUR REDUCED

Mr. M. J. Vechsler, Canadian Trade Commissioner in Santiago, writes that a Chilean decree published August 12, 1942, effective for a period of one year from that date, reduces the duty on wheat flour imported into Chile in packages of over 5 kilograms net from 0.35 to 0.225 gold peso per kilogram gross (approximately from \$2.30 to \$1.50 per 100 pounds at the current free rate of exchange).

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING AUG. 24, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, August 24, 1942, and for the week ending Monday, August 17, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Aug. 17	Nominal Quotations in Montreal Week ending Aug. 24	Official Bank Rate
Great Britain.	Pound	4.8666			
		Buying	\$4.4300	\$4.4300	2
		Selling	4.4700	4.4700	—
United States.	Dollar	1.0000			
		Buying	1.1000	1.1000	1
		Selling	1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
		Bid	4.4200	4.4200	—
		Offer	4.4800	4.4800	—
Other British West Indies	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
		Official	.3304	.3304	3½
		Free	.2640	.2625	—
Brazil.	Milreis (Paper)	.1196			
		Official	.0673	.0673	—
		Free	.0571	.0571	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
		Official	.0573	.0573	3-4½
		Export	.0444	.0444	—
Colombia.	Peso	.9733	.6351	.6347	4
Venezuela	Bolivar	.1930			
		Official	.3313	.3313	—
		Free	.3330	.3330	—
Uruguay.	Peso	1.0342			
		Controlled	.7307	.7307	—
		Uncontrolled	.5854	.5854	—
South Africa.	Pound	4.8666			
		Bid	4.3862	4.3862	3
		Offer	4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
		Bid	4.5380	4.5380	—
		Offer	4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
		Bid	3.5300	3.5300	3
		Offer	3.5760	3.5760	—
New Zealand.	Pound	4.8666			
		Bid	3.5440	3.5440	1½
		Offer	3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

C. H. PAYNE, Director

Argentina

J. A. STRONG, Commercial Attaché, Bartolome Mitre 478, Buenos Aires (1). (Territory includes Uruguay.) *Cable address, Canadian.*

Australia

Sydney: **L. M. COSGRAVE**. Address for letters—P.O. Box No. 3952V. Office—City Mutual Life Building, Hunter and Bligh Streets. (Territory includes the Australian Capital Territory, New South Wales, Queensland, Northern Territory and Dependencies.) *Cable address, Canadian.*

Melbourne: **FREDERICK PALMER**, 44 Queen Street, Melbourne, C.I. (Territory includes States of Victoria, South Australia, Western Australia, and Tasmania.) *Cable address, Canadian.*

Brazil

L. S. GLASS, Commercial Attaché. Address for letters—Caixa Postal 2164, Rio de Janeiro. Office—Ed. "Brasilia," Sala 1110, Av. Rio Branco 311. *Cable address, Canadian.*

British India

PAUL SYKES. Address for letters—P.O. Box 886, Bombay. Office—Gresham Assurance House, Mint Road, Bombay. (Territory includes Burma and Ceylon.) *Cable address, Canadian.*

British West Indies

Trinidad: **G. A. NEWMAN**. Address for letters—P.O. Box 125, Port of Spain. Office—Colonial Life Insurance Building. (Territory includes Barbados, Windward and Leeward Islands, and British Guiana.) *Cable address, Canadian.*

Jamaica: **F. W. FRASER**, P.O. Box 225, Kingston. Office—Canadian Bank of Commerce Chambers. (Territory includes the Bahamas and British Honduras.) *Cable address, Canadian.*

Chile

M. J. VECHSLER. Address for letters—Casilla 771, Santiago. (Territory includes Bolivia.) *Cable address, Canadian.*

Cuba

J. L. MUTTER. Address for letters—Apartado 1945, Havana. Office—Royal Bank of Canada Building, Calle Aguiar 367, Havana. (Territory includes Haiti, the Dominican Republic, and Puerto Rico.) *Cable address, Canadian.*

Egypt

Acting Trade Commissioner. Address for letters—P.O. Box 1770, Cairo. Office—22 Shari Kasr el Nil, Cairo. (Territory includes the Sudan, Palestine, Cyprus, Iraq, Syria, Iran and Turkey.) *Cable address, Canadian.*

Ireland

E. L. MCCOLL, 66 Upper O'Connell Street, Dublin, Ireland (*cable address, Canadian*); and 36 Victoria Square, Belfast, Northern Ireland.

Mexico

C. S. BISSETT. Address for letters—Apartado Num. 126-Bis, Mexico City. Office—Edificio Banco de Londres y Mexico. Num. 30, Mexico City. (Territory includes Guatemala, Honduras, and Salvador.) *Cable address, Canadian.*

Newfoundland

R. P. BOWER, Acting Trade Commissioner, Circular Road, St. John's. *Cable address, Canadian.*

CANADIAN GOVERNMENT TRADE COMMISSIONERS—*Con.*

New Zealand

C. B. BIRKETT, Acting Trade Commissioner. Address for letters—P.O. Box 33, Auckland. Office—Yorkshire House, Shortland Street, Auckland. (Territory includes Fiji and Western Samoa.) *Cable address, Canadian.*

Panama

H. W. BRIGHTON. Address for letters—P.O. Box 222, Panama City. Office—98 Central Avenue, Panama City. (Territory includes the Canal Zone, Venezuela, Colombia, Nicaragua, Costa Rica, and the Netherlands West Indies). *Cable address, Canadian.*

Peru

W. G. STARK, Acting Trade Commissioner. Address for letters—Casilla 1212, Lima. Office—Edificio Boza, Carabaya 831, Plaza San Martin, Lima. (Territory includes Ecuador.) *Cable address, Canadian.*

South Africa

Cape Town: J. C. MACGILLIVRAY. Address for letters—P.O. Box 683. Office—New South African Mutual Buildings, 21 Parliament Street. (Territory includes Cape Province and Southwest Africa, Natal, Tanganyika, Kenya, Uganda, Mauritius, Madagascar and Angola.) *Cable address, Cantracom.*

Johannesburg: H. L. BROWN, Acting Trade Commissioner. Address for letters—P.O. Box 715. Mutual Buildings, Harrison Street. (Territory includes Transvaal, Orange Free State, the Rhodesias, Mozambique or Portuguese East Africa, Nyasaland and the Belgian Congo.) *Cable address, Cantracom.*

United Kingdom

London: FREDERIC HUDD, Chief Trade Commissioner in the United Kingdom, Canada House, Trafalgar Square, S.W.1. *Cable address, Sleighing, London.*

London: J. A. LANGLEY, Trade Commissioner, Canada House, Trafalgar Square, S.W.1. (Territory includes Home Counties, Southeastern Counties, and East Anglia; also British West Africa.) *Cable address, Sleighing, London.*

London: W. B. GORNALL, Fruit Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Canfrucum.*

London: G. R. PATERSON, Animal Products Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Agrilson.*

Liverpool: A. E. BRYAN, Martins Bank Building, Water Street. (Territory includes North of England, Lincolnshire, North Midlands, and North Wales.) *Cable address, Canadian.*

Bristol: JAMES CORMACK, Northcliffe House, Colston Avenue. (Territory includes West of England, South Wales, and South Midlands). *Cable address, Canadian.*

Glasgow: G. B. JOHNSON, 200 St. Vincent Street. (Territory covers Scotland.) *Cable address, Cantracom.*

United States

Washington: H. A. SCOTT, Commercial Attaché. Office—Canadian Legation.

New York City: D. S. COLE, British Empire Building, Rockefeller Center. (Territory includes Bermuda.) *Cable address, Cantracom.*

Chicago: M. B. PALMER, Tribune Tower, 435 North Michigan Avenue. *Cable address, Canadian.*

Los Angeles: T. J. MONTY, Acting Trade Commissioner, Associated Realty Building, 510 West Sixth Street. *Cable address, Canadian.*

Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

Commercial Intelligence Journal

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SHIPPING SPACE ALLOCATIONS FOR EXPORTS TO THE BRITISH WEST INDIES

Owing to the serious shipping situation which has arisen in connection with the movement of supplies to the British West Indies, it has been found necessary to set up a system of shipping priorities. These priority ratings have been laid down by the several colonial governments concerned and are based on the essential requirements of the civilian populations. Under this system foodstuffs and related commodities have a first priority. However, as between different foodstuffs the actual allocation of cargo space on each shipping opportunity depends on the immediate requirements of the colony concerned. Since inauguration of the control very little space has been available for anything but essential foodstuffs, and this situation is likely to obtain for some weeks to come.

In order that exporters may secure shipping space on ships proceeding to British Guiana, Trinidad, Barbados and other colonies in the Eastern Group of the British West Indies, it is necessary for them to apply to the Colonial Supply Liaison, 1139 Connecticut Avenue N.W., Washington, D.C., U.S.A., which controls the allocation of space. In addition, Canadian exporters should advise the Commercial Intelligence Service, Department of Trade and Commerce, Ottawa, which is co-operating with the Colonial Supply Liaison and the Canadian Shipping Board in allocating space to individual shippers. In the case of flour and other grain products, packing-house products, fish and other foodstuffs, semi-monthly statements showing commitments to the various colonies should be forwarded to Ottawa regularly.

It should be clearly understood that the mere filing of a request for space to fill a definite order in no way guarantees that space will be granted. The

allocation of the limited space available on each shipping opportunity is dependent entirely upon instructions received from the several colonies through Colonial Supply Liaison. Furthermore, no space will be offered by the steamship lines except as authorized by the Canadian Shipping Board acting in conjunction with Colonial Supply Liaison and the Commercial Intelligence Service.

In so far as Jamaica is concerned, the allocation of shipping space is controlled by the Chairman, Imports, Exports and Prices Board, Kingston, Jamaica, who supplies detailed allocations of space for each shipping opportunity to the shipping companies concerned through the Canadian Shipping Board. Importers in Jamaica are notified of such allocations, and they in turn inform Canadian exporters. All applications for space should be made to Jamaica.

UNITED STATES FARM-RETAIL PRICE SPREADS

C. H. WEST, ASSISTANT TRADE COMMISSIONER

New York, August 13, 1942.—According to a recent report of the Bureau of Agricultural Economics, in May of this year the American farmer received 52 per cent of the amount spent by consumers for fifty-eight important foods representing annual purchases by a typical workingman's family. This was the same as in April and equals the percentage for December, 1941, the highest since the 1920's. In April, 1941, the farmer's share was 46 per cent, and the pre-war 1935-39 average was 42 per cent.

FARM VALUES

The combined value at the farm of the fifty-eight foods advanced from \$201 in April to \$202 in May, and represented a 32 per cent increase over the figure of \$153 for May, 1941. The average farm value for these food items in the period 1935-39 was \$141. There were negligible changes from April to May of this year for the majority of farm products, and some items, including hogs, dropped slightly. Payments to farmers increased 10 per cent for apples, 7 per cent for lamb, 4 per cent for eggs, and 3 per cent for dairy products.

The cost to consumers of the fifty-eight foods was at the rate of \$392 a year in May. This compares with \$386 in the preceding month and is 18 per cent over retail costs in the pre-war period but 6 per cent below the cost to consumers for the same foods in 1929.

MARKETING MARGINS

The spread between expenditures by consumers and payments to farmers represents total charges of the marketing system for the services required to transfer those products from farmers to consumers. This spread or marketing margin was \$190 in May as compared with \$185 in April, an increase of 3 per cent. The former was slightly below the pre-war 1935-39 average margin of \$191.

The outstanding increases in marketing margins from April to May were for pork products (32 per cent) and lamb products (22 per cent). There were substantial increases in margins for oranges, potatoes and apples, amounting to 10 per cent or more. Other marginal increases over the month were for sweet potatoes (9 per cent), peanut butter (5 per cent), eggs (4 per cent) and hens (3 per cent). The greatest decline in margin was 4 per cent for oatmeal.

Problems are developing daily in the marketing and transportation of farm products. The reduction in coastal shipping and the shortage of tires and gasoline for trucks, as well as complete stoppage of new truck production, has thrown a heavy burden on the railroads. In all fields of transportation plans are being adopted for conservation and increased efficiency in the use of existing

facilities. These include the elimination of less-than-capacity loads and cross-hauling, consolidation of routes, standardization of new designs, and the granting of shipping and storage permits.

RETAIL PRICES AND PRICE CONTROL

Increases in retail prices were chiefly for food items exempt from price control under the General Maximum Price Regulation. This regulation, which fixes a price ceiling for most commodities, was made by the Price Administrator under authority of the Emergency Price Control Act of 1942. It was announced by the O.P.A. on April 28, to become generally effective on May 11 except in respect of retail sales, for which the order became effective May 18, and for sales of services at retail, for which it became applicable on July 1.

Maximum prices are defined in substance as the highest actual price at which goods were delivered during March, 1942, for each seller and for each commodity by brand, style, price line and other distinguishing characteristics associated with established price differentials. Each retailer was required to post conspicuously on and after May 18 a list of his maximum prices for specified necessities or cost-of-living commodities which he sells.

As intimated above, the General Maximum Price Regulation excepts important groups of farm products from its provisions. First, all raw and unprocessed agricultural commodities are excepted (other than bananas). This excludes nearly all farm products at the farm-sale level. Other farm products excepted include eggs and poultry; dairy products (other than fluid milk and cream sold at retail) and ice cream; flour (not prepared); mutton and lamb; dried prunes; dry edible beans; nuts (other than peanuts); leaf tobacco; linseed oil, cake and meal; mixed feeds; and living animals.

The food items excluded from the operations of the G.M.P.R. are estimated to account for more than a third of the total food outlay of the typical consumer. With food accounting for roughly 25 per cent of typical family expenditures, the excluded items affect nearly 10 per cent of family living costs.

Lamb products, apples, citrus fruit and potatoes led the way in the upward trend of uncontrolled food prices in the period under consideration. From April to May of this year oranges advanced 11 per cent, lamb products and apples each by 10 per cent, and potatoes by 6 per cent. With the exception of lamb products, however, part of this advance is attributable to the usual seasonal increases in retail prices.

Prices of the majority of the food items subject to control under the Maximum Price Regulation showed declines in that part of May following the date the regulations became effective. These declines were most significant for pork products, lard, vegetable shortening and peanut butter. Prices of beef products, rice, rolled oats and macaroni also declined. Retail prices of lamb products and pork products in mid-May were about 17 per cent higher than the pre-war 1935-39 average, while dairy products were about 23 per cent over the pre-war level.

MODIFICATIONS OF PRICE CEILINGS

The O.P.A. originally stated it would not permit any general advance in retail prices of any commodity above the March level. However, the G.M.P.R. allowed applications by retailers for the adjustment of inequities, and in July an amendment was announced whereby producers, manufacturers and wholesalers were extended the same right. Previously the sole recourse open to the last-mentioned group was to petition for an amendment to the regulation.

To compensate for higher raw material and labour costs since 1941 the O.P.A. recently announced higher ceilings for the 1942 pack of canned fruits and berries. This is described as the first major crack in ceiling levels, and it is

expected to result in an advance in prices of 15 to 25 per cent for canners, wholesalers and retailers.

A similar ceiling formula for the 1942 pack of pure preserves, jams and jellies, which likewise will eventually result in 15 per cent higher prices to the consumer, was announced at the end of July.

Another regulation applicable to vegetable canners this season permits them to add 8 per cent for increased factory costs to their weighted average price for the first sixty days of the 1941 pack and to the actual increase in the cost of the raw materials as of May 4, 1942, over the 1941 pack. Last week the O.P.A. also announced that substantially similar action would be taken shortly in respect of the 1942 pack of frozen fruits, berries and vegetables, to be followed by a regulation for dried fruits whereby the price ceilings would be lifted at all stages of distribution.

The most recent advice, appearing in the press under date of August 12, is that the O.P.A. has under consideration an important amendment to the General Maximum Price Regulation, which will be issued about mid-September. The Price Administrator termed this "an alternative pricing method", and it is reported that it may increase the nation's food bill by approximately $1\frac{1}{2}$ per cent. Canned vegetables figured prominently in the considerations given to the new food pricing, and canned fruits and meats are other items possibly affected.

NEW ZEALAND PRODUCTION OF BUTTER, CHEESE AND WHEAT

C. B. BIRKETT, ACTING TRADE COMMISSIONER

BUTTER AND CHEESE

Auckland, July 11, 1942.—At the request of the British Ministry of Supply the New Zealand dairy industry will make an effort this coming season to produce for export 90,000 tons of cheese instead of 160,000 tons, which has previously been its objective. The British Government has also indicated that it will consider taking all the butter that can be made available. This is a complete reversal of the program undertaken in the 1940-41 season, and will mean a return to approximately the pre-war position. Immediate steps are being taken to give effect to Britain's request, and it is expected that the change back from cheese to butter will be made by individual suppliers on or about August 1. Those who changed over from butter to cheese in the 1940-41 and 1941-42 seasons and are now returning to butter again are to receive $1\frac{1}{2}$ d. per pound butterfat on next season's supply sent to the factories.

A year ago the request was made for the production of 160,000 tons of cheese during the 1941-42 season and, although this objective was not reached (latest figures give 138,107 tons for the first nine months of the season to April 30), a creditable effort was made which involved considerable expense and reorganization. Provision for compensation was made by the Government.

The objective of 90,000 tons is a little above the 1939-40 shipment of 84,000 tons. For some years before the war the normal figure for cheese was between 80,000 and 90,000 tons.

WHEAT

There are definite indications that the acreage to be sown to wheat during the 1942-43 season in New Zealand will be larger than for the season just concluded. No assurance, however, is offered that the objective of 300,000 acres set by the Ministry of Supply some time ago will be reached. The estimated yield of the 1941-42 crop is 8,600,000 bushels from an area of 258,000 acres. As mentioned in previous reports, the normal domestic consumption of wheat is 8,900,000 bushels.

Owing to the critical war situation and the increasing demands on all available shipping, it is more than ever desirable that New Zealand should become wholly self-supporting in the matter of wheat supply. As an encouragement towards increased production, 2d. per bushel over the price paid for last season's crop was announced in April. This increase, however, was regarded by farmers' associations as insufficient to compensate for increased costs. It has now been announced that 4½d. per bushel above last year's price will be paid. This announcement has come too late to affect the sowing of winter wheat, but it is expected to have considerable influence on spring sowing.

Full confidence is felt in official quarters in the ability of New Zealand to produce her full requirements of wheat. In 1933, a total of 11,000,000 bushels were harvested from 302,000 acres. The Ministry of Supply, in the light of that achievement and despite present manpower difficulties, considers that the wheat industry should be able to obtain its objective and render imports unnecessary.

VITAMINS AND THEIR USES IN AUSTRALIA

Mr. Frederick Palmer, Canadian Trade Commissioner at Melbourne, has forwarded to this department several typed copies of a report entitled "Vitamins and Their Uses in Australia," prepared by the chemicals department of Messrs. Collin and Company, Pty. Limited, Melbourne.

It is not proposed to publish this report in the *Commercial Intelligence Journal*, but a copy will be supplied to any interested Canadian firm on application to the Department of Trade and Commerce, Ottawa (quote file No. 34342).

AUSTRALIAN ECONOMIC NOTES

L. M. COSGRAVE, CANADIAN TRADE COMMISSIONER

Australian Coal Production

Sydney, June 16, 1942.—In order to obtain full co-operation between the coal-owners and miners throughout the Commonwealth, the Prime Minister of Australia recently convened a meeting of all owners and union representatives with a view to prompt settlement of all disputes in coal mines and to ensure a minimum hold-up in coal production.

Statutory Rule 168, which provides for the call-up of striking miners for militia and army labour corps service, will, it is understood, not be cancelled by the new coal peace code agreed upon by the conference, but it is not likely to be enforced except in the case of deliberate and flagrant stoppages.

All parties to the conference have agreed upon a standard code of rules and procedure to be observed by the management and employees of collieries in respect of any local matter in dispute, thus ensuring that coal production is maintained at the highest possible level.

Following are the chief clauses in the new code:—

1. A committee shall be appointed at each colliery, to which shall be referred any industrial matter in dispute or likely to cause a dispute.
2. It shall be competent for any member of the committee to raise any question designed to overcome any hold-up or interruption of output.
3. It must be understood that the committee shall be entirely a consultative committee, with no power to make decisions except by agreement.
4. The committee shall be composed of the colliery manager, who shall be chairman, two representatives of the management, and two representatives of the employees, who shall be the president and secretary and/or treasurer of the lodge.
5. Meetings of the committee shall be held as required, but not less than once each fortnight, and a record of a *precis* of the proceedings at each meeting shall be kept in a book at the colliery office.

6. When considered necessary, employees in dispute and/or colliery staffs may attend the meetings of the committee.

7. In the event of an industrial matter in dispute not being settled by the committee, that matter shall be referred by the lodge to the district executive of the Coal and Shale Miners' Federation, and by the manager to the superintendent of his company or to the secretary of the Employers' Association of which his company is a member. The district executive and the colliery superintendent of the association, as the case may be, shall determine whether a further conference should be held or whether the matter in dispute should be submitted to the appropriate reference board.

8. The decision of the reference board shall be accepted by both parties.

9. Pit-top meetings shall not be held except with the consent of the committee or in the event of a question of safety. In all such events the meetings shall not continue for more than ten minutes after ordinary starting time.

10. No stoppages or cessation of work or refusal to commence work shall take place at any colliery without recourse to the above procedure and without the endorsement of the district and central executives of the unions.

The code also states that "no colliery management shall refuse to prepare its colliery for work without the permission of the Coal Commission, nor shall any change be effected in customs or conditions without recourse to the above procedure."

Where applicable, also, the above code will apply to the Federated Engine-drivers and the Firemen's Association, as well as the Colliery Mechanics' Union.

It is expected that the application of the new code will be brought into effect within a few weeks, and in the meantime the appointment of the committees will be carried out in the various mines throughout the Commonwealth.

Australian Agricultural Council

At its annual meeting, held at the beginning of June, the Australian Agricultural Council was faced with important problems in respect of the Australian agricultural position, particularly in those industries associated with food production.

Far-reaching plans were submitted to the Council by the Commonwealth authorities, which envisage immediate federal control of the meat and pig industries, designed to ensure essential requirements for the fighting services and civilian population and urgent export supplies for Great Britain.

Primary products considered essential to Australia's war effort were defined at the conference, and those for which it was considered adequate supplies of superphosphate should be made available were potatoes, vegetables of all kinds, vegetable seeds, flax and cotton, navy beans, blue peas, and tobacco. It was further announced that the producers of these essential products would receive 100 per cent of their normal fertilizer requirements, to be determined by state departments of agriculture.

It was estimated that provision of these essential supplies would require 70,000 tons of Australia's available total of 480,000 tons of fertilizer. The remainder of the fertilizer requirements for the Commonwealth would be governed by the shipping freight available, and distribution would be made by state departments of agriculture.

Reduced Tax on Metal Mines

A reduction of 20 per cent in taxes paid by businesses operating metalliferous mines was announced by the Commonwealth Government. The cut will apply not only to ordinary income tax but also to the undistributed profits tax, super tax, wartime (company) tax, and the proposed profit limitation tax. It will not apply, however, to taxes payable on dividends paid to shareholders in mining companies.

The federal treasurer states that it has been decided to grant the concession because mine-owners, in carrying out the Government's request for maximum production, were reducing the payable life of their mines during a period of high taxation. The cut will not apply to companies operating coal or gold mines.

The exemption will be for the present year ending June 30, or the corresponding accounting period, and will operate only during the war.

New Commonwealth Pensions Scheme

The new pensions and allowances scheme for widows and unendowed children has been brought before the Commonwealth Government and approved. It is expected that the new provisions will benefit approximately 30,000 widows and 21,000 children, and will involve an increase in expenditure of approximately £1,600,000 per year.

The new legislation will provide assistance to widows with dependent children, widows of more than fifty years of age, widows in ill-health, widows in destitute circumstances immediately after the death of their husbands, deserted wives, wives whose husbands are inmates of mental hospitals, and to dependent children under sixteen years of age.

Post-war Reconstruction

The Australian Prime Minister recently stated in the House of Representatives that the Government was taking steps to meet the post-war economic position. The Social Security Committee set up by the Commonwealth Government has already had parts of its report on post-war security implemented by the Commonwealth authorities, while industrial and economic problems have been the subject of cabinet decisions.

In addition authority had been given to the Australian Tariff Board to investigate and furnish a report on the part that Australia would have to play in dealing with post-war problems.

Increased Federal Revenues

Customs and excise revenue for the eleven months of the Commonwealth's fiscal year ending May, 1942, was £51,925,366, or £2,656,409 more than in the same period of 1941. The budget provided for a reduction of £3,556,468, but the actual revenue exceeded the budget estimate by £6,212,877.

Postal revenue was particularly outstanding, totalling £19,459,354, or £2,251,548 greater than that for the same period of the previous year.

Australian Public Debt

Australia's public debt increased during 1940-41 by £85,000,000 to £1,426,000,000. Of this increase, the bulk was due to £75,000,000 of Commonwealth borrowing for war, while £10,000,000 was required for the various states. As at June 30 last, the Commonwealth owed £510,000,000 and the states £916,000,000 (exclusive of treasury bills). A further £74,000,000 was owing in treasury bills, all but £5,000,000 by the states. Ten years ago the total debt was £1,156,000,000, of which £764,000,000 was owed by the states.

The growth of the states' debt has imposed increasing costs for principal and interest upon the Commonwealth, which contributes to the sinking fund on account of state debts and also helps with the payment of interest. Last year the Commonwealth's own bill for interest was £14,000,000 and for sinking fund £5,000,000. In addition, it contributed £1,600,000 to the sinking fund and paid £7,600,000 in interest on behalf of the states.

CANADA'S TRADE WITH INDIA IN 1941-42

PAUL SYKES, CANADIAN TRADE COMMISSIONER

(One rupee is approximately equal to Can.\$0.335)

Bombay, May 20, 1942.—The value of trade between Canada and India during the year ending March 31, 1942, was far in excess of all previous totals. The combined figure of imports and exports, Rs.131,660,044, was more than twice the total of Rs.61,392,191 recorded for 1940-41, which in turn was much larger than the figure for any previous year.

The following report, based on condensed trade returns, gives all available information regarding the trade between the two countries during the fiscal year recently ended.

TOTAL TRADE

Imports from Canada into India during 1941-42 were valued at Rs.66,908,719 as compared with Rs.29,668,455 for the preceding year. Exports from India to Canada during the same years were valued at Rs.64,751,325 and Rs.31,723,736, respectively. India's imports of Canadian goods increased during the year by 125.5 per cent, while exports to the Canadian market showed a similar but slightly less marked increase of 104.1 per cent. There is considerable variation between the foregoing figures, as extracted from Indian Government trade returns, and Canadian data for the same period. Canadian statistics show values for exports to India and imports from India of Can.\$33,037,046 and Can.\$17,867,316, respectively.

BALANCE OF TRADE

For the first time in many years the trade between Canada and India during 1941-42 shows a balance in Canada's favour. It will be recalled that the value of Indian exports to the Canadian market has been consistently from two to four times as large as this country's imports of Canadian goods. In 1939-40, in fact, India's favourable balance was more than twice as large as the total value of imports of Canadian goods. In 1940-41, however, the two figures were almost equal, with India retaining a small favourable excess of Rs.2,055,281. During 1941-42 the heavy increase in Canadian exports to the Indian market produced a favourable balance of Rs.2,157,394.

Details of the values of Canadian-Indian trade during the last five years are as follows:—

Summary of Canadian Trade with India

	Imports from India Rs.	Exports to India Rs.	Balance in India's Favour Rs.
1937-38..	23,182,119	9,955,795	13,221,324
1938-39..	21,386,107	9,075,586	12,310,521
1939-40..	41,208,156	13,713,237	27,494,919
1940-41..	31,723,736	29,668,455	2,055,281
1941-42..	64,751,325	66,908,719	2,157,394

The marked improvement in the values of Canadian-Indian trade has inevitably resulted in a corresponding alteration in the position of each country as a supplier of the other's import requirements and as a market for exports. From a very minor position among sources of supply of India's imports, Canada was in sixth place in 1941-42, following the United Kingdom, the United States, Burma, Japan, and Kenya. As an export outlet for Indian produce, Canada has for years been of negligible importance, but has now advanced to seventh place, ranking after the United Kingdom, the United States, Burma, Australia, Ceylon, and South Africa.

TRADE BY COMMODITIES

There are no accurate data available for the last two years regarding Canadian-Indian trade in individual commodities or commodity groups. It is

accordingly impossible to provide a useful statement on this subject. In general terms, however, it can be said that the large increase in the value of imports from Canada has been due to improved demand for motor vehicles and parts, newsprint paper, machinery, a number of items of military equipment, metals in various forms, and tea-chest materials, including plywood and battens. Decreases of considerable importance have at the same time been recorded for imports of various foodstuffs such as canned fish, milk products, canned fruits and vegetables, and packing house products, as well as aluminium, toilet requisites, and miscellaneous paper and paper products.

Indian export trade to the Canadian market has again been based principally on tea and jute products. The higher values recorded for 1941-42 reflect improved business in these goods as well as in certain textiles, ores, vegetable oils, seeds, and nuts.

TRADE REGULATIONS

The course of Canadian export trade to India during 1941-42 has been seriously affected by the extension of import control regulations in India and the restriction of exports from Canada. Since May, 1940, a few Canadian goods had been subject to the Indian Government's import regulations, but the effect on Canadian trade as a whole was very small. Since September, 1941, however, a wide range of Canadian products has been subject to these regulations and it has since been impossible to import from Canada most foodstuffs, wines, spirits, soap, and various other commodities, while many other articles have been subjected to restrictions that have in most instances operated as a complete embargo. The net effect has been a drastic reduction in the range of Canadian imports into this market.

Export control exercised by the Canadian Government has had a similar influence on trade. Numerous goods which are in keen demand in India, such as metals and manufactures, chemicals, machinery, and electric equipment, are no longer obtainable to meet ordinary requirements.

The progressive intensification of import and export control in the two countries appears certain to limit still further the opportunities for the sale of Canadian goods in the Indian market and the availability of such goods for export purposes.

SUMMARY

The far-reaching effect of wartime conditions on foreign commerce is amply demonstrated by the foregoing figures of trade between Canada and India during 1941-42. A combination of adverse influences appears to justify the belief that for 1942-43 appreciable declines will be recorded in both the value and variety of the trade, but the recent expansion, the new relationships established between commercial firms in the two countries, and the improved knowledge of each other's products which has been gained on either side will hardly fail to stimulate an improved trend in the trade when conditions have again become normal.

SPICE INDUSTRY IN THE BAHAMAS

F. W. FRASER, CANADIAN TRADE COMMISSIONER

Kingston, Jamaica, August 20, 1942.—Plans have recently been completed in the Bahamas, with the approval and support of that Colony's Government, to develop an export trade in certain spices and herbs that can there be grown to advantage. These include Chili peppers of all types, dill, fennel, ginger, paprika, pimentos, sage, sesame-seed (bene), thyme, and turmeric.

An American association of spice dealers will buy these products, as grown in the Bahamas, over a period of ten years at the prices quoted at the time of purchase in the United States spice market, where they will be sold.

A Bahamian company has been or will be formed to handle the business on the spot, and suitable guarantees for the fulfilment of the association's purchasing agreement will be provided. The seeds and herbs, which will be grown by local farmers, will be processed and packed in the Colony, and each package will be distinctively labelled as containing Bahamas produce. The company will provide the needed processing plant and will employ local labour and clerical staff so far as possible.

GOVERNMENT ASSISTANCE

The Bahamas Government's interest in this venture is evidenced by the passing of a law, assented to on May 21 last, levying an export tax on the products named above. It is provided in this law, which will become operative on a date to be fixed by the Governor in Council and will so continue for a ten-year period and thereafter until the end of the then next session of the Bahamas legislature, that the Governor in Council may by Order in Council "grant to one person only at the same time, on such terms and conditions for such period and subject to such restrictions as the Governor in Council shall deem fit, exemption from the provisions of this Act." The evident purpose of this provision is to give the company buying and shipping the spices a tariff preference in return for their guarantee to do so for ten years. The minimum rate of export tax on all the items named is fixed by the law at 15 per cent ad valorem and the maximum at 25 per cent; the former will apply as soon as the law becomes effective, and the Governor in Council may at any time thereafter increase the rate up to the latter figure. No official notice of the coming into operation of this law has yet been received by this office.

Thyme, bene and other native spices, and also peppers, have long been grown in the Bahamas, but only for domestic use. It has not hitherto been feasible to export them because the world's markets were dominated by the East Indies, whose large and old established industries had the advantage of a cheap and plentiful labour supply. Shipments from this area having been cut off by the war, dealers in the United States have been looking for another source of supply, and the proximity of the Bahamas to southern United States ports, facilitating frequent communication, places that Colony in a favourable position to supply some of the needs of the large American market.

ACCORD WITH POLICY OF DEVELOPMENT

This project has been endorsed by the Economic Advisory Committee appointed by H.R.H. the Governor of the Bahamas, and also by Bahamian public opinion. For a long time past the chief source of the Bahamas national income has been the tourist trade, but wartime conditions have inevitably curtailed its value and have, moreover, rendered its immediate future somewhat problematical. The need for the expansion of agricultural pursuits has long been recognized, as shown by the development in recent years of a considerable tomato-growing industry, the products being exported to Canada. The output of sea-foods, too, has increased, and a fair-sized crawfish cannery recently opened in Grand Bahama not only supplies the local trade but also exports to the United States. Lumbering, likewise, has been developed in the Bahamas during late years, both for the domestic building trade and, in a small way, for export. On the other hand the output of sponges, formerly the most valuable item in the Colony's export trade, has in recent years declined on account of the prevalence of disease. The prospect, therefore, of the establishment of a "cash crop" of spices and herbs is especially appreciated at present. Local farmers will benefit, and it is hoped that unemployment will be eased.

TRADE OF HAITI IN 1940-41—I

C. S. BISSETT, CANADIAN TRADE COMMISSIONER

(One Haitian gourde equals U.S.\$0.20; one metric ton equals 2,204 pounds; one kilo equals 2.2 pounds.)

Havana, June 13, 1942.—Haiti's foreign commerce for the fiscal year ending September 30, 1941, showed some improvement in total value over that of the preceding fiscal year, which, however, was the lowest in the country's history since trade statistics were first issued in 1916. This increased trade was due entirely to heavier exports at higher prices, since imports in 1941 were the lowest on record. After an exceedingly bad year in 1940, which continued through the first half of 1941, exports began to revive during the July-September period. This enabled the country to make a better showing than was possible in the preceding fiscal year, although trading conditions at no time could be called prosperous.

The extremely low levels of both imports and exports during the past two years were caused principally by the war. Prior to the outbreak of hostilities Haiti depended upon European markets for practically 60 per cent of its sales outlets. The closing of these markets by the blockade had a disastrous effect upon Haitian economy, owing to the inability of Haitian exporters to obtain outlets for the Republic's chief agricultural products, combined with a rapidly falling price level for these products. Haiti was thereupon forced to seek new markets in North America in competition with other Latin American countries that had always marketed competitive crops in that area. In the beginning little success attended these efforts, particularly for the disposal of the coffee crop, upon which Haitian economy principally depends, until a coffee quota in the United States market was obtained by agreement late in 1940. However, this agreement provided an outlet for only about two-thirds of the normal Haitian coffee crop and did not provide an outlet for the coffee surpluses which had been piled up in previous months. In addition, prices continued at a low level, lower than at any time during several decades, and it was not until the shipping situation began to become acute and the United States was forced to seek supplies nearer home that Haitian coffee started to move.

Haiti benefited greatly by this situation, since it became possible not only to obtain a price for coffee that was higher than the distress price which had to be accepted after the closure of European markets, but shipments were also greatly in excess of those permitted by the annual quota. The benefit of this situation, however, will accrue rather to the fiscal year 1941-42, since its effects were not particularly apparent in the fiscal year under review.

FOREIGN TRADE

The following table shows the values in gourdes of the imports, exports and trade balances of Haiti for the fiscal years 1930-31 to 1940-41:—

Summary of Haiti's Foreign Trade

	Imports Gourdes	Exports Gourdes	Excess of Imports (—) or Exports (+) Gourdes
1930-31..	47,881,591	44,817,093	— 3,064,498
1931-32..	37,305,551	36,106,394	— 1,199,157
1932-33..	38,333,943	46,650,366	+ 8,316,423
1933-34..	45,685,208	51,546,191	+ 5,860,983
1934-35..	41,161,621	35,629,205	— 5,532,416
1935-36..	37,920,626	47,238,594	+ 9,317,968
1936-37..	46,075,660	44,854,450	— 1,221,210
1937-38..	37,973,889	34,731,952	— 3,241,937
1938-39..	40,903,683	36,338,175	— 4,565,508
1939-40..	39,700,574	26,995,200	— 12,705,374
1940-41..	37,155,548	33,286,537	— 3,869,011

It will be noted from the foregoing table that for 1940-41 the value of imports was the lowest and the value of exports the third lowest in the country's history since 1915; no lower export value was recorded since 1920-21.

BALANCE OF TRADE

Considering the record adverse balance of trade in the fiscal year 1939-40, a considerably reduced scale of imports in 1940-41 is quite logical. The consistent record of unfavourable trade balances since 1935-36, however, do not appear logical on the surface for a country like Haiti that has no invisible exports but has substantial invisible imports that normally require to be paid for by an excess of exports over imports. The fact that Haiti can go on year after year with unfavourable trade balances is explained mainly by the fact that the excess of imports in recent years has been paid for by expenditures on a public works program financed by loans from abroad. Secondly, the import values are based on the c.i.f. cost of the merchandise, which eliminates the necessity of providing funds to pay for the important invisible imports such as ocean freight, marine insurance and all handling charges necessary to place the goods on the dock in Haitian ports. Except for the period since 1936-37, total exports have usually counterbalanced total imports, although the annual fluctuations have been rather violent.

In the past twenty-five years there has been a favourable trade balance of a little less than 32,000,000 gourdes, which has taken care of the invisible imports. Since 1935-36 the adverse balances have been taken care of by loans from abroad expended on public works. For the period October 1, 1938, to September 30, 1941, the expenditures under the public works program totalled 24,430,244 gourdes. This sum equalized the invisible imports and the accumulated unfavourable trade balances, or the excess of imports over exports, in that same three-year period amounting to 21,139,893 gourdes. In addition to the public works program, there was, during this same three-year period, a fairly substantial investment of foreign capital in various enterprises, which helped to sustain the purchasing power of the Haitian people during this critical period. It is obvious, however, that Haiti at present is no more than paying its way on a much reduced standard of living.

With the new markets now available in the United States and, to a much smaller extent, in Canada, there is a likelihood that the Republic will experience a period of relative prosperity for at least the duration of the war. It is improbable, however, that this level of prosperity will ever equal that experienced by the country during the 1921-29 period. Real prosperity will return to Haiti only when its old-time European markets for its main agricultural products have been reopened at the prices prevailing during the decade following the last war.

EXPORTS BY CHIEF COMMODITIES

The values of the leading export commodities for the past two fiscal years are shown in the following table, which also shows the percentage contributed to the total exports by each commodity item:—

Haitian Exports of Chief Commodities

	1940-41		1939-40	
	Gourdes	Per Cent of Total	Gourdes	Per Cent of Total
Coffee.. . . .	12,918,466	38.81	10,243,491	37.95
Bananas.. . . .	7,761,732	23.32	3,148,294	11.66
Sisal.. . . .	4,316,865	12.97	3,366,685	12.47
Cotton.. . . .	2,313,791	6.95	3,048,302	11.29
Sugar.. . . .	2,046,122	6.15	4,725,427	17.51
Cacao.. . . .	683,242	2.05	488,718	1.81
Cottonseed cake.. . . .	491,520	1.48	280,439	1.04
Goatskins.. . . .	419,060	1.26	391,980	1.45
Molasses.. . . .	202,979	0.61	403,548	1.49
Logwood.. . . .	113,785	0.34	125,819	0.47
All other.. . . .	2,018,975	6.06	772,497	2.86
Total.. . . .	33,286,537	100.00	26,995,200	100.00

COFFEE

The importance of coffee in Haitian economy is very great. It occupies the place in respect to Haiti which is occupied by sugar in almost all of the other areas of the Caribbean. In 1940-41 there was a sharp increase, not only in value but in quantity, in coffee exports. The quantity exported amounted to 22,641,275 kilos as against 16,187,765 kilos in the previous fiscal year. This increase, however, is important only in relation to the previous year, for which exports of coffee were among the lowest recorded; in comparison with normal years both the quantity and the value showed poor returns. That any improvement occurred at all was due to the Inter-American Coffee Quota Agreement, which stabilized prices and allocated the United States market among the various coffee-producing countries of the Western Hemisphere.

BANANAS

In recent years the banana industry has grown very rapidly. From fifth place among exports in 1939-40 it rose to second in value in the year under review. The number of stems exported, 3,293,645, increased by almost 45 per cent, but the value of the exports rose by over 146 per cent. A substantial part of this heavy increase in value, however, is accounted for by basing the export value on the f.o.b. steamer cost, whereas in previous years it was based on the price paid to the grower.

SISAL

Sisal fibre also improved its relative position in the export trade, rising to third in value, as against fourth in the previous year. The increase over 1939-40 was 28 per cent in value and 37 per cent in quantity, a record year for this product. The total quantity exported was 10,797,222 kilos.

COTTON

The exports of cotton continue year by year to decline in importance, due mainly to cotton diseases that are slowly wiping out this industry. The total exports, 2,630,405 kilos, was a decrease of over 15 per cent as compared with the figure for the previous similar period.

SUGAR

The quantity of sugar exported dropped by almost 34 per cent in quantity and almost 57 per cent in value as compared with 1939-40. The quantity shipped abroad amounted to only 19,820 metric tons. However, this decrease was more or less expected, due to the fact that because of the war, shipments to Great Britain, which is Haiti's normal market for sugar, were severely curtailed. The whole of the latest crop, however, was purchased by the United Kingdom.

EXPORTS BY COUNTRIES

The following table shows the value of exports by countries for the fiscal years 1939-40 and 1940-41, with percentages showing the relative importance to Haiti of each one of its main export markets:—

Haitian Exports by Countries

	1940-41		1939-40	
	Gourdes	Per Cent of Total	Gourdes	Per Cent of Total
United States.. . . .	29,214,367	87.77	13,937,185	51.63
Canada.. . . .	1,386,244	4.16	701,828	2.60
Japan.. . . .	1,180,443	3.55	.....	....
Colombia.. . . .	712,744	2.14	.....	....
United Kingdom.. . . .	421,486	1.27	7,279,422	26.97
Bahama Islands.. . . .	144,529	0.43	155,937	0.58
Martinique.. . . .	48,328	0.15	42,078	0.16
Canal Zone.. . . .	31,523	0.09	42,515	0.16
Jamaica.. . . .	28,346	0.09	3,323	0.01
Switzerland.. . . .	26,000	0.08	137,405	0.51
All other.. . . .	92,522	0.27	4,695,507	17.38
Totals.. . . .	33,286,537	100.00	26,995,200	100.00

The outstanding feature of Haitian export trade in the year under review was its marked diversion to the United States at the expense of British and other continental markets which in previous years had provided the chief outlets for the country's agricultural products. The United States had always taken practically the whole of the cocoa crop, but had never previously purchased much Haitian coffee. The diversion of coffee from its former chief outlets in Europe to the United States is mainly responsible for the heavy percentage increase in the total supplies taken by the latter country. During the closing month of 1941 the United States took 97.94 per cent of all Haiti's exports. Shipping difficulties tended to reduce seriously the value of the goods purchased by Great Britain. Canada last year also became an important purchaser of Haitian products. Both Japan and Colombia were new outlets obtained after most of the continental markets had been closed on account of war conditions.

IMPORTS BY CHIEF COMMODITIES

The following table shows the values of the chief commodities imported into the Republic during the two years under review:—

Haitian Imports by Chief Commodities

	1940-41		1939-40	
	Gourdes	Per Cent of Total	Gourdes	Per Cent of Total
Textiles, clothing.. . . .	12,777,736	34.4	12,215,611	30.8
Foodstuffs.. . . .	4,966,700	13.4	5,359,321	13.5
Iron and steel products.. . . .	1,692,829	4.5	2,736,174	6.9
Soap.. . . .	1,572,740	4.2	2,010,902	5.1
Gasoline, kerosene, etc..	1,367,214	3.7	1,399,444	3.5
Automobiles and trucks.. . . .	1,302,821	3.5	1,405,291	3.5
Household utensils.. . . .	857,138	2.3	523,997	1.3
Chemical and pharmaceutical products	762,742	2.1	810,833	2.0
Lumber.. . . .	615,290	1.7	835,050	2.1
Tobacco products.. . . .	603,059	1.6	703,357	1.8
Agricultural implements, etc.. . . .	541,834	1.5	366,552	1.0
Jute bags, etc..	271,458	0.7	721,920	1.8
Liquors and beverages.. . . .	260,234	0.7	403,947	1.0
All other imports.. . . .	9,563,753	25.7	10,208,175	25.7
Totals.. . . .	37,155,548	100.00	39,700,574	100.00

Apart from the commodities shown in the foregoing table, no other reached the value of 250,000 gourdes, equivalent to U.S.\$50,000.

Textiles, mainly of cotton combined with manufactures of cotton, constitute the most important item of Haiti's import trade. The United States has always been the principal supplier in this category, although Great Britain and Japan usually obtained a minor portion of it. This category consists chiefly of plain woven dyed or printed cotton cloth; plain woven bleached or unbleached cotton cloth; dyed or printed cloth, twilled or figured in the loom; dyed or printed cloth, bleached or unbleached; cotton yarn, cotton knitted goods, and belts and hosiery. It is noteworthy that in a year when total imports of all items decreased appreciably there was a moderately important rise in the imports of this group.

Imports in the foodstuffs group, on the contrary, dropped in value by much the same percentage as did the total imports. This group has also always been an important one, and for many years has occupied second place among imports. It is composed mainly of dried salt and smoked fish, wheat flour, lard and meats of various kinds, rice and other staples.

Imports in the iron and steel products group also dropped sharply in value as compared with the previous year. Much of the construction material

required under the public works program had been imported in the previous fiscal year, added to which the shortage of this type of material in the United States was reflected adversely in the amount imported in the year under review.

Imports of soap, which ordinarily is supplied mainly by Great Britain, also showed a sharp decrease, due to the lack of shipping.

There was little change in the imports of mineral oils and automotive vehicles.

IMPORTS BY COUNTRIES

The following table shows the values of the imports by countries of origin for the fiscal years under review, with percentages indicating the relative importance of each as a supplier of Haiti's requirements:—

Imports into Haiti by Countries

	1940-41		1939-40	
	Gourdes	Per Cent of Total	Gourdes	Per Cent of Total
United States.. . . .	30,886,112	83.12	28,836,476	72.64
United Kingdom.. . . .	2,336,998	6.29	3,629,924	9.15
Japan.. . . .	1,070,856	2.88	1,107,716	2.79
Curacao.. . . .	959,115	2.58	578,466	1.46
Canada.. . . .	592,584	1.60	550,452	1.39
Cuba.. . . .	272,006	0.73	153,756	0.39
Puerto Rico.. . . .	147,175	0.40	240,373	0.61
Switzerland.. . . .	94,779	0.26	94,090	0.24
Argentina.. . . .	92,154	0.25	74,992	0.19
British India.. . . .	87,497	0.24	352,048	0.89
All other.. . . .	616,272	1.65	4,082,461	10.25
Totals.. . . .	37,155,548	100.00	39,700,754	100.00

As in the case of exports, the most striking feature of Haiti's import trade in 1940-41 was the diversion of purchases, because of wartime conditions, from British and other countries to the United States. This trend had reached important proportions even before 1940-41, and in ensuing years it will doubtless become still more marked. Almost all of Haiti's sources of supply other than those of the Western Hemisphere have been practically cut off, but new sources are being found in the countries of North and South America, many of which will continue to hold their ground in supplying Haiti's requirements when the war is over. The United States is in a particularly favourable position in this respect because of its proximity to the market, the good steamship services which are maintained in normal times, the diversity of its manufacturing facilities, and on account of United States' investments in local agriculture, commerce and industry.

CONTROL OF EXPORTS FROM CANADA: REGULATIONS AMENDED

By Export Branch Order No. 42, effective September 2, 1942, Regulation 7(a) is amended to read as follows: "Notwithstanding Regulation No. 5, export permits shall not be required in respect of shipments of \$5 or less in value, except in respect of tea and of sugar as provided in Regulation 30."

ADDITIONS TO LIST OF PRODUCTS AFFECTED

By Order in Council P.C. 7582, effective August 25, 1942, the following products are added to the list of those the exportation of which to any country is prohibited except under permit issued by the Export Permit Branch, Department of Trade and Commerce:

Group 1—Agricultural and Vegetable Products:

Candy, candied popcorn, candied nuts and sweetmeats, sweetened chewing gum.

By Export Branch Order No. 41, effective September 2, 1942, the foregoing products are exempted from requiring an export permit for shipment to any part of the British Empire.

Group 5—Iron and Steel and their Products:

Agricultural implement and machinery parts over \$25 in value.

Group 7—Non-metallic Minerals and their Products:

Tableware and kitchenware of china, porcelain, semi-porcelain, white granite or earthenware, n.o.p.

Group 9—Miscellaneous:

Cartridges, .22 calibre and smaller.

BRITISH TRADE COMMISSIONERS IN CANADA

Canadian importers and others desirous of obtaining information regarding the export trade of the United Kingdom and Canadian firms desirous of representing British manufacturers in Canada are invited to communicate with the undermentioned:—

The Senior British Trade Commissioner in Canada and Newfoundland, 56 Sparks St., Ottawa. Telegraphic address: "Sencom."

The British Trade Commissioner (for Quebec, the Maritime Provinces and Newfoundland). 1111 Beaver Hall Hill, Montreal, Que. Telegraphic address: "Britcom."

The British Trade Commissioner (for Ontario), 67 Yonge Street, Toronto, Ont. Telegraphic address: "Toroncom."

The British Trade Commissioner (for Alberta and British Columbia), 850 West Hastings Street, Vancouver, B.C. Telegraphic address: "Vancom."

The British Trade Commissioner (for Manitoba, Saskatchewan and Northwest Ontario), 703 Royal Bank Building, Winnipeg, Man. Telegraphic address: "Wincom."

TARIFF CHANGES AND TRADE REGULATIONS

Ireland

DUTIES SUSPENDED ON BICYCLES, MOTOR-CAR TIRES AND TUBES, AND NAILS

Mr. George Shera, Office of the Canadian Trade Commissioner in Dublin, has forwarded copies of three notices issued during July by the Revenue Commissioners respecting suspensions of import duty under the Emergency Powers Act, 1939.

Notice 396 announces that an Emergency Order suspends the duty on bicycles, tricycles and component parts during the period July 8, 1942, to January 7, 1943. The suspended duties are 37½ per cent ad valorem plus 15s. each on bicycles, tricycles, and specified assemblies of parts, and 75 per cent ad valorem or alternative specific rates on other assemblies and on parts imported separately, with provision in each case for preferential rates one-third lower on products of the British Commonwealth.

Notice 397 advises that during the period July 8, 1942, to December 31, 1942, the value of tires and inner tubes shall not be included in the value of motor cars or chassis with which they are imported. The effect is to provide

exemption from duty for tires and tubes imported under any circumstances, since an earlier Emergency Order had suspended the duty on motor-car tires and tubes, imported as such, from March 4 to August 9, 1942. The suspended duties are 15 per cent ad valorem on tires and tubes imported as parts of commercial motor vehicles and 33½ per cent ad valorem in other cases.

The Order to which Notice 398 relates suspends during the period July 15, 1942, to January 14, 1943, the duty of 75 per cent on certain nails, sprigs, brads, tacks, staples, and rivets.

Newfoundland

EXPORT LEVY ON SALT FISH

A measure to be known as the Salt Fish Levy Act 1942, enacted by the Newfoundland Government on August 17, 1942, provides for payment by licensed exporters in respect of exports of salt codfish, haddock, hake, ling, pollock or cusk of the following levies: 50 cents per quintal (112 lbs.) on dried shore-cured and Labrador or heavy salted Newfoundland fish cured in Labrador style; 40 cents per quintal on heavy salted salt bulk fish; and 25 cents per quintal on shore-style salted salt bulk fish and pickled salt bulk fish exported as such. The foregoing sums are to be paid in respect of fish of the 1942 catch exported either prior to or subsequent to the passing of the Act.

The amounts collected from exporters and equivalent amounts contributed by the Government are to be paid into a "Salt Fish Marketing Fund 1942", to be used in such manner as may be directed by any enactment for fixing minimum prices for salt fish produced from fish caught in 1942 and exported by licensed exporters. If no enactment for fixing minimum prices is made prior to December 31, 1942, the amount to the credit of the fund is to be applied, subject to the approval of the Governor in Commission, for the assistance of the fishing industry generally or particularly.

United States

HIGHER CUSTOMS DUTY ON INNER TUBES

The tariff status of rubber inner tubes for tires of bicycles and automobiles was the subject of a United States Treasury Decision No. 50706, published on August 20.

Inner tubes are not specifically mentioned in any paragraph of the United States tariff. Paragraph 1537b specifies automobile, motor cycle, and bicycle tires composed wholly or in chief value of rubber. The rate of duty on them is 10 per cent ad valorem. Under paragraph 369c of the tariff, parts of automobiles (except tires) are dutiable at 25 per cent ad valorem and, pursuant to the United States-United Kingdom trade agreement, parts of motor cycles (except tires) at 15 per cent ad valorem. Under paragraph 371 bicycles and parts thereof, not including tires, are dutiable at 30 per cent ad valorem.

In a customs court decision, C.D. 634, published on June 4, it had been held that certain rubber inner tubes for bicycle tires and the accompanying outer casings were entireties dutiable as bicycle tires under paragraph 1537b at 10 per cent ad valorem, as opposed to the Government's contention that the rubber inner tubes should be classified as parts of bicycles under paragraph 371 at 30 per cent ad valorem.

Treasury Decision No. 50706, published on August 20, referring to this decision, states that, inasmuch as there is now available additional evidence to sustain the latter classification, i.e., classification as parts of bicycles at 30 per

cent ad valorem, it is the opinion of the Bureau of Customs that the same issue should be presented in a new case. Collectors of Customs are instructed to limit the application of C.D. 634 to the importation there in issue. They are to classify future importations of automobile, motor cycle, and bicycle tires (casings or shoes) in chief value of rubber under paragraph 1537b of the Tariff Act at the rate of 10 per cent ad valorem; inner tubes for automobiles under paragraph 369c at 25 per cent ad valorem; inner tubes for motor cycles under paragraph 369c, pursuant to the United Kingdom Trade Agreement, at 15 per cent ad valorem; and inner tubes for bicycles, under paragraph 371, at 30 per cent ad valorem pending a decision in a new case.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING AUG. 31, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, August 31, 1942, and for the week ending Monday, August 24, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Aug. 24	Nominal Quotations in Montreal Week ending Aug. 31	Official Bank Rate
Great Britain.	Pound	4.8666			
	Buying		\$4.4300	\$4.4300	2
	Selling		4.4700	4.4700	—
United States.	Dollar	1.0000			
	Buying		1.1000	1.1000	1
	Selling		1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
	Bid		4.4200	4.4200	—
	Offer		4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
	Official		.3304	.3304	3½
	Free		.2625	.2632	—
Brazil.	Milreis (Paper)	.1196			
	Official		.0673	.0673	—
	Free		.0571	.0571	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
	Official		.0573	.0573	3-4½
	Export		.0444	.0444	—
Colombia.	Peso	.9733	.6347	.6347	4
Venezuela	Bolivar	.1930			
	Official		.3313	.3313	—
	Free		.3330	.3336	—
Uruguay.	Peso	1.0342			
	Controlled		.7307	.7307	—
	Uncontrolled		.5854	.5855	—
South Africa.	Pound	4.8666			
	Bid		4.3862	4.3862	3
	Offer		4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
	Bid		4.5380	4.5380	—
	Offer		4.5906	4.5906	—
India.	Ruppee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
	Bid		3.5300	3.5300	3
	Offer		3.5760	3.5760	—
New Zealand.	Pound	4.8666			
	Bid		3.5440	3.5440	1½
	Offer		3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

C. H. PAYNE, Director

Argentina

J. A. STRONG, Commercial Attaché, Bartolome Mitre 478, Buenos Aires (1). (Territory includes Uruguay.) *Cable address, Canadian.*

Australia

Sydney: **L. M. COSGRAVE**. Address for letters—P.O. Box No. 3952V. Office—City Mutual Life Building, Hunter and Bligh Streets. (Territory includes the Australian Capital Territory, New South Wales, Queensland, Northern Territory and Dependencies.) *Cable address, Canadian.*

Melbourne: **FREDERICK PALMER**, 44 Queen Street, Melbourne, C.I. (Territory includes States of Victoria, South Australia, Western Australia, and Tasmania.) *Cable address, Canadian.*

Brazil

L. S. GLASS, Commercial Attaché. Address for letters—Caixa Postal 2164, Rio de Janeiro. Office—Ed. "Brasilia," Sala 1110, Av. Rio Branco 311. *Cable address, Canadian.*

British India

PAUL SYKES. Address for letters—P.O. Box 886, Bombay. Office—Gresham Assurance House, Mint Road, Bombay. (Territory includes Burma and Ceylon.) *Cable address, Canadian.*

British West Indies

Trinidad: **G. A. NEWMAN**. Address for letters—P.O. Box 125, Port of Spain. Office—Colonial Life Insurance Building. (Territory includes Barbados, Windward and Leeward Islands, and British Guiana.) *Cable address, Canadian.*

Jamaica: **F. W. FRASER**, P.O. Box 225, Kingston. Office—Canadian Bank of Commerce Chambers. (Territory includes the Bahamas and British Honduras.) *Cable address, Canadian.*

Chile

M. J. VECHSLER. Address for letters—Casilla 771, Santiago. (Territory includes Bolivia.) *Cable address, Canadian.*

Cuba

J. L. MUTTER. Address for letters—Apartado 1945, Havana. Office—Royal Bank of Canada Building, Calle Aguiar 367, Havana. (Territory includes Haiti, the Dominican Republic, and Puerto Rico.) *Cable address, Canadian.*

Egypt

Acting Trade Commissioner. Address for letters—P.O. Box 1770, Cairo. Office—22 Shari Kasr el Nil, Cairo. (Territory includes the Sudan, Palestine, Cyprus, Iraq, Syria, Iran and Turkey.) *Cable address, Canadian.*

Ireland

E. L. McCOLL, 66 Upper O'Connell Street, Dublin, Ireland (*cable address, Canadian*); and 36 Victoria Square, Belfast, Northern Ireland.

Mexico

C. S. BISSETT. Address for letters—Apartado Num. 126-Bis, Mexico City. Office—Edificio Banco de Londres y Mexico. Num. 30, Mexico City. (Territory includes Guatemala, Honduras, and Salvador.) *Cable address, Canadian.*

Newfoundland

R. P. BOWER, Acting Trade Commissioner, Circular Road, St. John's. *Cable address, Canadian.*

CANADIAN GOVERNMENT TRADE COMMISSIONERS—*Con.*

New Zealand

C. B. BIRKETT, Acting Trade Commissioner. Address for letters—P.O. Box 33, Auckland. Office—Yorkshire House, Shortland Street, Auckland. (Territory includes Fiji and Western Samoa.) *Cable address, Canadian.*

Panama

H. W. BRIGHTON. Address for letters—P.O. Box 222, Panama City. Office—98 Central Avenue, Panama City. (Territory includes the Canal Zone, Venezuela, Colombia, Nicaragua, Costa Rica, and the Netherlands West Indies.) *Cable address, Canadian.*

Peru

W. G. STARK, Acting Trade Commissioner. Address for letters—Casilla 1212, Lima. Office—Edificio Boza, Carabaya 831, Plaza San Martin, Lima. (Territory includes Ecuador.) *Cable address, Canadian.*

South Africa

Cape Town: J. C. MACGILLIVRAY. Address for letters—P.O. Box 683. Office—New South African Mutual Buildings, 21 Parliament Street. (Territory includes Cape Province and Southwest Africa, Natal, Tanganyika, Kenya, Uganda, Mauritius, Madagascar and Angola.) *Cable address, Cantracom.*

Johannesburg: H. L. BROWN, Acting Trade Commissioner. Address for letters—P.O. Box 715. Mutual Buildings, Harrison Street. (Territory includes Transvaal, Orange Free State, the Rhodesias, Mozambique or Portuguese East Africa, Nyasaland and the Belgian Congo.) *Cable address, Cantracom.*

United Kingdom

London: FREDERIC HUDD, Chief Trade Commissioner in the United Kingdom, Canada House, Trafalgar Square, S.W.1. *Cable address, Sleighing, London.*

London: J. A. LANGLEY, Trade Commissioner, Canada House, Trafalgar Square, S.W.1. (Territory includes Home Counties, Southeastern Counties, and East Anglia; also British West Africa.) *Cable address, Sleighing, London.*

London: W. B. GORNALL, Fruit Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Canfrucum.*

London: G. R. PATERSON, Animal Products Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Agrilson.*

Liverpool: A. E. BRYAN, Martins Bank Building, Water Street. (Territory includes North of England, Lincolnshire, North Midlands, and North Wales.) *Cable address, Canadian.*

Bristol: JAMES CORMACK, Northcliffe House, Colston Avenue. (Territory includes West of England, South Wales, and South Midlands.) *Cable address, Canadian.*

Glasgow: G. B. JOHNSON, 200 St. Vincent Street. (Territory covers Scotland.) *Cable address, Cantracom.*

United States

Washington: H. A. SCOTT, Commercial Attaché. Office—Canadian Legation.

New York City: D. S. COLE, British Empire Building, Rockefeller Center. (Territory includes Bermuda.) *Cable address, Cantracom.*

Chicago: M. B. PALMER, Tribune Tower, 435 North Michigan Avenue. *Cable address, Canadian.*

Los Angeles: T. J. MONTY, Acting Trade Commissioner, Associated Realty Building, 510 West Sixth Street. *Cable address, Canadian.*

Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

Commercial Intelligence Journal

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FARM PARITY PRICES IN THE UNITED STATES

L. H. AUSMAN, ASSISTANT TRADE COMMISSIONER

New York, August 20, 1942.—Attention has recently been directed to the Farm Parity Price system as a result of discussions in the United States in connection with the proposed farm loan bill. Parity means, in brief, a price for the farmer's product which will give it an exchange value for things the farmer needs to buy equivalent to that prevailing in a specified base period. Generally speaking the base period used as par has been the five years preceding the war of 1914-18, from August, 1909, to July, 1914. For tobacco and some commodities which have only recently come into general use or for which earlier data are not available the base period specified in the law is August, 1919, to July, 1929.

According to a bulletin recently prepared by the United States Department of Agriculture, the parity price concept evolved out of the discussion and action on farm relief during the post-war depression of the 1920's. As various plans were brought forward to aid farm prices and income, more and more stress was placed upon the necessity for some definite yardstick.

The original definition in the Agricultural Adjustment Act of 1933 declared it to be the policy of Congress, among other things, to "re-establish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period."

Although this formula has been amended several times since 1933, it has not been changed essentially. One amendment, for example, permits the Secretary of Agriculture to apply such funds as may be available to support prices of those commodities the production of which requires special encouragement at not less than 85 per cent of the parity or comparable prices thereof. Comparable prices are determined and used where parity prices are not now avail-

able, as in the case of soy beans, or where parity, as calculated according to the general formula, is clearly out of line with prices of the five basic commodities—corn, cotton, wheat, rice, and tobacco—specified in the Agricultural Adjustment Act of 1938.

Other amendments provided that certain allowances for interest and tax payment on farm real estate be added to the purchasing power calculations for all commodities for which the base period is 1909-14, and that the base period for Burley and flue-cured tobacco be shifted to August, 1934, to July, 1939.

The Emergency Price Control Act, approved January 30, 1942, stated in relation to ceiling prices that no maximum price shall be established or maintained for any agricultural commodity below the highest of any of the following prices as determined and published by the Secretary of Agriculture:—

1. (a) 110 per cent of the parity price for such commodity adjusted for grade, location and seasonal differentials, or (b) 110 per cent of the comparable price which may have been determined for such commodity, adjusted in the same manner.

2. The market price prevailing for such commodity on October 1, 1941.

3. The market price prevailing for such commodity on December 15, 1941.

4. The average price for such commodity during the period July 1, 1919, to June 30, 1929.

Under the general Maximum Price Regulation, administered by the Office of Price Administration, these minimum price ceilings still stand, as a very considerable number of agricultural commodities are excepted under the Regulation. For the most part these exceptions are due to the fact that current prices of such commodities are not equivalent to or above all the minimum prices specified under the Emergency Price Control Act.

METHOD OF CALCULATING PARITY PRICE

Three steps are involved in calculating parity prices as follows:—

1. A base price for the period 1909-14 is determined. This is done by averaging the prices reported by farmers to the Department of Agriculture for the sixty months beginning August, 1909, and ending July, 1914. For example, the average price of cotton during this period was 12·4 cents a pound; wheat, 88·4 cents a bushel; corn, 64·2 cents a bushel.

2. An index of prices paid, including taxes on real estate and interest, is calculated. In this are reckoned the prices of items used in family living and in farm production. The estimated quantity of each commodity used by farmers is used to weight both the prices paid in 1910-14 and current prices in order to obtain the necessary ratios or indexes of prices paid. The tax and interest data are calculated as rates per acre and converted into index form. To obtain the final figure, the index of prices paid for commodities used in living is given a weight of nearly one-half and the indexes of commodities used in production, and interest and taxes per acre, are likewise given a weight of about one-half. Selecting the latest month for which figures are available, the foregoing procedure gives an over-all index for July of 152, which means that farm-commodity prices then would have needed to be 152 per cent of the base prices to have had the same purchasing power as in 1909-14.

3. The third step in calculating parity prices is to adjust the base-period prices by the index. In some cases adjustment is also made for seasonal variations from the base-period averages. Following the example given above, to calculate the parity price for mid-July, 1942 (calculations are based on the 15th of each month), the base-period prices are multiplied by 1·52. Thus the parity price for cotton in that month was 1·52 times 12·4 cents, or 18·85 cents a pound. The parity price for wheat was 1·52 times 88·4 cents, or 134·4 cents a bushel, and for corn 1·52 times 64·2 cents paid to those or 97·6 cents

a bushel. The ratio of actual prices received by farmers is expressed as a percentage of parity, and for the three products mentioned the ratios in July were 98, 70 and 85, respectively.

It is apparent from the above that parity prices are not fixed but are relative and alter with changes in prices paid, interest and taxes. Current figures on parity prices for all the principal farm products are published monthly in a pamphlet entitled "Agricultural Prices", issued by the United States Department of Agriculture.

EFFECT OF THE WAR ON FARM PRICES

Prices of raw materials and farm commodities rose faster and maintained some advantage over other prices throughout the war of 1914-18. With the decline in the general price level after the war, farm prices fell faster and further than others and remained at a disadvantage over a relatively long period.

This, it is pointed out by the Department of Agriculture, is the usual pattern of price behavior during and following a great war. This is in accordance with the present trend whereby farm prices have risen relatively fast from the rather low level prevailing in the summer of 1939 and, as a whole, reached parity in the fall of 1941 for the first time since the spring of 1920.

It remains to be seen what effect present price control regulations will have on the parity concept. If prices of agricultural commodities as a whole rise above the minimum levels specified in the Emergency Price Control Act, it seems reasonable to suppose that they would be brought under a ceiling established on some equitable basis that would be of advantage both to the farmer and the consumer.

It was recently announced in the press, for example, that the Price Administrator has asked the Secretary of Agriculture for permission to establish price ceilings on all live stock. The present position with regard to hogs and beef cattle is that prices are approximately 132 per cent and 146 per cent of parity respectively. As in each case current quotations are above all four of the alternatives specified in the Emergency Price Control Act, it is possible, if the Secretary of Agriculture approves, to place price ceilings on these commodities.

FARM PRICES IN JULY

In its latest report on the subject the United States Department of Agriculture states that the general level of prices received by farmers rose three points during the month ended July 15 to 154 per cent of the pre-World War I level. This is the highest level reported since May, 1928. The index of prices paid, interest and taxes, remained unchanged for the last three months at 152, reflecting in part the stability achieved by the price control measures of the Office of Price Administration. The mid-July index was 19 points higher than a year ago, however, and 32 points above the level prevailing in July, 1939. The ratio of prices received by farmers to prices paid was consequently 101 per cent of parity.

AGRICULTURAL CONDITIONS IN THE UNITED KINGDOM IN 1941

G. R. PATERSON, ANIMAL PRODUCTS TRADE COMMISSIONER

London, July 4, 1942.—The general trend in British agricultural development has been to increase production so that, even under the most unfavourable conditions, it may still be possible to meet domestic requirements. During the latter months of 1940 and early in 1941 it became apparent that, on account of serious shipping losses, the production campaign would have to be further stimulated.

LABOUR

As in many other parts of the world, farm workers in the United Kingdom have been among the lowest paid wage-earners in the country, and wartime

conditions render it even more difficult for agriculture to compete with industry in the labour market. In addition there is the patriotic urge to join the armed services, so that, notwithstanding the purpose of the Government to maintain a sufficient number of workers on the land, it has been difficult to achieve this object.

The minimum wage for adult male agricultural workers during the past year was 48s. per week. During the latter part of the year, however, the County Committees of the National Farmers' Union pressed the matter so vigorously that from December 28, 1941, the minimum wage for male agricultural workers in England and Wales was raised to 60s. per week. In Scotland the new rate became effective on January 19, 1942. Previously the Government delayed the calling-up of certain classes of agricultural workers for service during the harvest season of 1941, and during the late autumn calling-up was further deferred following strong representations to the Government that these workers should be maintained on the land.

PLOUGHING-UP CAMPAIGN

Although it is difficult to obtain actual figures of the area under cultivation in the United Kingdom at present, it is reliably reported that an increase of 45 per cent in the acreage under crops was achieved in two years. In the years immediately preceding the war approximately 7·8 million acres were devoted to cultivated crops in England, Wales and Scotland, exclusive of the area under hay in rotation. During 1941 approximately 11·3 million acres were under cultivation.

This achievement is the direct result of the ploughing-up campaign, plans for which were laid just before the war, and the record turnover of land formerly devoted to other purposes than agriculture has been due in great part to payment of a subsidy and to the increased use of tractors, the 105,000 machines now in use in the United Kingdom being double the pre-war figure. Since June 4, 1939, a total of 60,000 tractor ploughs, 22,000 disc harrows, 19,000 binders, and 1,900 threshing machines have also come into use. Most of these new machines have gone to private owners and contractors, the number allotted to County Committees having been 6,000 tractors, 6,000 tractor ploughs, 5,000 binders, and 500 threshing machines.

CROP PRODUCTION AND MARKETING

Production and marketing have a definite bearing on the live stock position.

FOODSTUFFS

The foodstuffs items produced in increased quantities in 1941 were for the most part cereals and vegetables. Much of the increase in cereals has gone to, or is earmarked for, animal production, but at the same time an attempt has been made to produce sufficient oats, wheat and barley to take care of a large part of the domestic needs.

Vegetable production was greatly assisted by the large increase in home allotments, particularly in the case of green vegetables. It is expected that the potato crop, which was practically double the pre-war volume, will be ample to take care of domestic requirements. Substantial quantities of carrots and other vegetables have also been made available. Increased quantities of swedes and turnips have been on the market for use as food. Sugar-beet production was below the average but better than was expected. The fruit crop was below normal, due to adverse weather conditions. Price controls have been well maintained for practically all classes of foodstuffs.

FEEDSTUFFS

During the years 1934 to 1936 the average consumption of feedstuffs in the United Kingdom amounted to 9,796,000 tons of cereals and 1,848,000 tons of oil cake, etc. Of these quantities, the domestic production accounted for 33 per cent, or 3,320,000 tons, of cereals and 4 per cent, or 78,000 tons, of oil cake, etc. The wartime shipping position has not been such as would permit of the importation of feedstuffs to the extent indicated. Increased home production, however, has made up for a considerable amount of the shortage, since it has been estimated that in 1939 there was an increase of 50 per cent in total production of cereal crops alone.

FEED RATIONING

A feed rationing scheme went into operation in the United Kingdom on February 1, 1941. In view of the importance of maintaining the milk supply, dairy herds had the first call on available feeding supplies; beef cattle were considered next in national importance, and pigs and poultry were left to the last. An outline of the scheme as it was first introduced was published in *Commercial Intelligence Journal* No. 1931 (February 1, 1941), page 116.

Early in September, 1941, the program for the winter months, i.e. October to April, was announced. A number of important changes were introduced, based on the assumption that by the 1941 harvest every farm would have been made self-supporting in feedstuffs for all live stock on the holding. However, concentrates from a "national pool" are provided for: (a) dairy cows; (b) calves; (c) goats and female kids; (d) pigs and poultry in certain classes; (e) working horses on holdings where grain is not grown. The national pool consists of the by-products of manufacture, i.e. milling offals, oil cakes, brewers' and distillers' grains, etc., together with salvaged wheat, dried potatoes and such quantities of home-grown grain as growers may sell. Farmers are allowed to use home-grown grain, other than millable wheat, for feeding to any live stock of their holdings.

Following is a brief summary of the scale of rationing in force under the scheme; a unit equals 112 pounds:

Dairy Cows.—Farmers are expected to provide for the maintenance of the cow and the first half-gallon of milk per day. Monthly rations are one unit of protein and three units of cereals for each 110 gallons of milk sold or made into butter or cheese for sale, with a deduction of one half unit per cow per month. The deduction may be waived in certain specified cases.

Calves.—Calves up to the age of six months being reared for milk or beef are allowed one half unit of calf food per month.

Goats.—Allowances for milch goats are the same as for cows, except that the monthly deduction will be one quarter unit per goat per month, and the allowance for milk production for household use is one quarter unit protein and one half unit cereal per quarter where only one milch goat is kept, and one half unit protein and one unit cereal where two or more are kept. Female kids under six months being reared for milk purposes are allowed one quarter unit per month.

Other Cattle.—Rations are not normally provided for any cattle other than dairy cows and calves, but young bulls reared for service may be given up to one quarter unit of protein per month up to the age of eighteen months.

Sheep.—No rations are provided as a general rule for sheep on grass or arable farms. For rams used for service one half unit protein is provided for three months ending December 31.

Pigs and Poultry.—Rations continue to be related to pre-war numbers, but, as the farmer may use home-grown feeding grain, the acreage of the holding is also brought into the calculation. Pre-war numbers are divided by 6, and rations are supplied for the resulting number in so far as they are, if poultry, in excess

of one per acre or, if pigs, one per twelve acres. Ration allowances are one unit per month per twenty birds and one unit per month per pig. No ration is provided when pre-war poultry are fewer than six birds per acre or the pigs fewer than one per two acres.

Pedigree Pigs.—An additional allowance is made of one half unit per month for each pig registered with a Breed Society up to a maximum of one-third of total number of pigs in June, 1939.

Sound Poultry Breeding Stock.—A supplementary allowance is made of one unit per month per twenty birds approved by the Poultry Selection Panel.

Other Allowable Appeals.—Where Committees are satisfied that no feeding grain is grown on the holding or that the feeding stuffs produced are not more than sufficient to provide the prescribed allowances for the cows in the holding, they may allow as follows: farm horses in work, two and one-half cereal units per month; heavy horses in continuous work, whether agricultural or otherwise, up to four units per month; tradesmen's horses kept on small grass holdings, up to two units per month; stallions of agricultural breeds, up to two units per month; sheep dogs, if actually working with sheep, one quarter cereal unit per month.

FERTILIZERS

The importance of an adequate supply of plant foods in achieving increased crop production is fully recognized. Supplies of artificial manures have been provided, and prices are controlled. Farmers have been encouraged to make known their requirements in good time, so that distribution may be effected methodically and with minimum effort.

LIVE-STOCK PRODUCTION AND MARKETING

Statistics of the number of live stock in the United Kingdom are not available. It is generally accepted, however, that, with the exception of swine and poultry, the numbers of the various classes of live stock have been fairly well maintained, notwithstanding the increased costs of production, shortage of farm labour and the absence of normal supplies of imported feedstuffs.

Horses.—A review of the market throughout 1941 indicates that there was a good demand for first-class draught and vanner animals. The keenest bidding was for good geldings from three to six years of age, and a top price of £147 was recorded at the Stirling sale in September for a three-year-old Clydesdale gelding. At the Perth sale in July high prices were also reported. At the Aberdeen summer show and sale thirty-six Clydesdale geldings averaged £78 15s. and thirty mares and fillies averaged £63 3s. 4d. These figures include only animals three to eight years of age. The general run of work-horse prices would be from £50 to £80, with good vanners making top figures in that range.

Cattle.—Control of fat-cattle prices in 1941 was continued under the Ministry of Food, who were the purchasers of all slaughter stock. Early in the year it was realized that the shipping position might seriously affect the imports of both meat and feedstuffs to a greater extent than in 1940. Bonuses were introduced, therefore, to encourage the earlier marketing of not only the better grades but also the poorer types of slaughter animals. In this way it was hoped that offerings would be evenly distributed throughout the year and at the same time less cattle would be left for feeding during the winter of 1941-42.

During the first six months of 1941 the general market for feeding cattle remained strong. The average run of cattle changing hands prior to being offered to the Ministry of Food for slaughter made prices ranging from £25 to £30 for two-year-olds. However, a considerable number of sales were reported, particularly in Scotland, of bullocks making as high as £35 per head, prices of yearlings being in some cases as high as £20 to £22 per head. When the control

prices for slaughter cattle began to recede in late June, the reductions were reflected in the general market in England and Wales, but high prices were maintained at many Scottish sales. During the last six months of the year the price of two-year-olds averaged from £22 to £25 per head, and those of yearlings from £12 to £15 per head.

Dairy Cattle.—Prices of dairy cattle continued firm throughout the year, and there were sales at exceptionally high prices in all parts of the country, average prices of £50 to £60 or even higher for good milk cows being not uncommon. Dairymen received considerable encouragement through the system of feed control, whereby their cattle received first call on the feedstuffs available. They had also been advised to cull out the low producers and to keep and breed the better types, in order that maximum production might result from a minimum of labour and feed. It is noteworthy that milk production has increased in the country as a whole. Breeders of pure-bred cattle had a very satisfactory year notwithstanding export difficulties. Here again the dairy breeds have shown to advantage over the beef breeds.

Sheep.—There were seasonal variations in the controlled prices of sheep and lambs sold to the Ministry of Food for slaughter throughout 1941. High values were scheduled early in the year, when supplies were less plentiful, and the lowest prices prevailed in September during the season of heavier marketings, after which they steadily advanced until the end of the year.

The general market for sheep continued strong throughout the year, although it cannot be said that the prices reflected this position to the same extent as for cattle. Averages for ewes varied for the most part from 50s. to 56s. each, while tegs and hogs averaged only slightly less, or from 48s. to 54s. each.

During the latter part of November it was announced in the House of Commons that in view of the exceptional circumstances that prevailed during past season, the Government subsidy payable in respect of hill ewes and gimmers would be raised from 2s. 6d. to 7s. 6d. per head. Payment would be made to the persons who owned the sheep at December 4, 1941, but would be based on the numbers of sheep in flocks on December 4, 1940.

This move on the part of the Government may be interpreted as their estimation of the difficulties that faced hill sheep farmers in 1941, despite some slight improvement reflected in autumn sales prices, and of the appreciation of the importance of preserving foundation breeding stocks of hill sheep and the maintenance of hill grazings as factors in food production. This subsidy applies on hill sheep not only in Scotland but also in England and Wales.

A number of the Pure Breed Societies reported at their annual meetings that exceptionally keen interest had been shown in the purchase of breeding stock. Some reported the inability of their members to supply the demand for sires, and prices of 100 to 200 guineas for ram lambs were not exceptional.

Swine.—Hog marketings remained at a high level as regards numbers for a much longer period than was expected. Early in 1940 it was considered that the limited amount of feedstuffs available for hogs would bring about a liquidation of breeding stock during the year and a heavy decline in the numbers of market hogs. However, marketings of 50,000 to 60,000 hogs per week for bacon continued until the spring months of 1941. From then onward a decline was noted and, although no official figures have been published, reliable estimates are that during November and December average runs of 20,000 pigs per week were barely maintained.

Store pigs continued to make good prices throughout the year. The average price of pigs eight to ten weeks of age ranged from 32s. to 40s. each, while pigs from twelve to sixteen weeks old averaged from 62s. to 69s. each.

The sale of pure-bred pig stock showed wide fluctuations similar to those affecting other classes of breeding stock. Reports of pure-bred auctions give averages for bred gilts varying from £15 to £35 per head.

Poultry.—During the three-year period preceding the present war, United Kingdom poultry flocks provided 65 per cent of the 720 million dozen shell eggs consumed annually in this country. In addition substantial amounts of poultry meat were provided from chicken, turkey, duck and goose raising.

The curtailment of the amounts of feedstuffs available for poultry during 1941 resulted in heavy killings of poultry flocks of all kinds. Egg production suffered severely and, although fair quantities of table poultry were available during the greater part of the year, the quality of much of it was far below normal. Toward the close of the year chickens were almost unobtainable in the cities and towns, but some turkeys of average quality were procurable during the Christmas season.

Prices of all kinds of poultry were controlled under orders issued by the Ministry of Food.

Poultry production as an industry has suffered a major setback in the United Kingdom. Some encouragement has been offered by a recent announcement that increased quantities of feedstuffs will be made available in 1942 for chick rearing. However, many breeders and commercial flock-owners generally consider that the returns provided for in the maximum price orders relating to both eggs and poultry meat are less than the cost of production.

EXPORTS OF BREEDING STOCK

During the year a Live Stock Export Group, fully representative of all concerned with pedigree export trade, was organized. This group has two objects in view: (1) to deal with current shipments, which, although restricted, have not been completely curtailed due to shipping and other difficulties, and (2) to plan for post-war revival and expansion of export trade.

The 1941 figures of exports are not impressive, but they are indicative of initiative and enterprise on the part of the breeders in carrying on under most trying conditions. It is reported that exports during the year totalled 763 pure-bred animals consisting of 151 cattle, 416 sheep and 196 horses. The chief importing countries were: Argentina (which easily takes first place for cattle and sheep), Canada, Uruguay, the United States (chiefly horses), and Chile. Other countries to which stock was sent included: Kenya (Ayrshires and Shorthorns), Barbados, Brazil, South Africa, Federated Malay States, and British Guiana (thoroughbreds).

Six breeds of cattle were exported, of which number 104 head were Shorthorns. Hereford and Aberdeen-Angus exports amounted to 21 head each the small remainder consisting of Red Polls, Ayrshires and Devons.

Of the seven breeds of sheep exported, 211 head were Kent or Romney Marsh, 61 Hampshire Downs, 50 Lincolns, 42 Southdowns, 41 Suffolks, and small numbers of Oxford Downs, Ryelands and Shropshires. Canada purchased 109 head, consisting of Hampshire Downs, Southdowns and Suffolks.

The majority of the horses exported (158 out of 196 head) were thoroughbreds. The remainder comprised the following breeds: Cleveland bays, Hackney ponies, hunters, Clydesdales, polo ponies, Arabs and Shetland ponies.

The opening during the latter part of the year of the Glasgow Quarantine Station facilitated the export of a number of the shipments.

FUTURE PROSPECTS

The efforts towards greater agricultural production in the United Kingdom during the first two years of the war were directed largely toward increases in crops such as cereals, vegetables and sugar beet. However, certain aspects of the food position at the end of that period indicated that greater consideration must be given to live-stock production, not only to make available increased quantities of home-produced supplies of animal products but to ensure the return of live stock to its proper place in a well-ordered, well-balanced and thoroughly productive farming system.

The objective set by the Government was outlined by the Minister of Agriculture in an address to the British farmers in Lancashire on December 5, 1941. After referring to what had already been accomplished, the Minister outlined a farming policy which may be summarized briefly as follows:

1. Britain next year will have reached, approximately, the limit of land under crops which can be maintained in good heart and clean with her existing resources.

2. Land already under the plough must be made to produce more.

3. Sixty per cent of the farmers can and must increase production on their present holdings without any extra machinery, fertilizers or labour.

4. Much land at present under the plough must be reseeded to temporary grass to graze live stock, especially sheep, the numbers of which have declined too much during the war.

CONSERVATION OF NEWSPRINT IN JAMAICA

Mr. F. W. Fraser, Canadian Trade Commissioner at Kingston, Jamaica, reports that, effective September 1, 1942, the Jamaica Government's Trade Control Authority has issued an Order further to restrict the use of newsprint in that colony.

The new Order, which rescinds that extant since May 1, 1942, provides that no daily newspaper shall contain more than six pages per copy and that the size of such pages shall not exceed the size of the pages of the said newspaper as published on any day during the month of July, 1942. A similar provision applies to weekly newspapers. In both cases, however, should any one issue, as published henceforth, contain fewer than six pages, the publisher may be given credit for the shortage and add the latter to the size of a subsequent issue.

The sizes of magazines and periodicals is limited to one-fourth of the sizes as published during the year ending July 31, 1941. It is further enacted that no newspaper, magazine or other periodical shall appear at more frequent intervals than during the twelve months ending on the last-named date; likewise, that books, pamphlets, prospectuses, programs, posters, handbills, advertising literature, etc., may not be printed without official permission.

These regulations supersede those effective as from May 1, 1942, which provided generally for a reduction of one-third in the sizes of local publications.

UNIFORM INCOME TAX IN AUSTRALIA

L. M. COSGRAVE, CANADIAN TRADE COMMISSIONER

Sydney, June 16, 1942.—A bill to implement the Commonwealth plan to provide a uniform income tax throughout the Commonwealth was introduced into the House of Representatives on May 15 and duly approved by the House of Representatives and the Senate.

The bill provides, briefly, that during the war and for a year after, the Commonwealth will become the sole collector of income tax. The new bill fixes new and higher rates of federal taxation, which are approximately equal to the present total of state and federal taxes.

The bill further provides that the Commonwealth will make grants to the states approximately equal to their net revenue from income tax for the last two financial years. The measure further provides for the transfer during the period of the tax of the trained staff, accommodation and equipment used by the various states for the collection of income tax.

The Commonwealth Government made it quite clear that the federal authorities did not seek to take away from the states their power to impose

income tax, but in lieu thereof to provide for Commonwealth assistance to the various states during the period their powers were suspended in the interests of national defence.

The proposed over-riding Commonwealth rates of taxation will in themselves, it is estimated, give an added yield to the Commonwealth of from £12,000,000 to £15,000,000 (Australian). The field from which this added yield will be derived consists mainly of the increased income due to Commonwealth war expenditure, plus combined interstate incomes and those sources of income which are at present exempted from such taxation.

When the scheme is fully in operation, the taxpayers throughout the Commonwealth will pay only one income tax, and the amount of tax payable will be the same in all parts of the Commonwealth. One universal code of rules will be used to assess all income taxes, thus making it reasonably practicable for every taxpayer to estimate the amount of tax for the payment of which he must make provision.

AUSTRALIA'S WARTIME HOUSING SCHEME

L. M. COSGRAVE, CANADIAN TRADE COMMISSIONER

Sydney, June 16, 1942.—The immediate appointment of a housing planning authority to undertake, in co-operation with the states, a national housing scheme, has been recommended by the Joint Parliamentary Committee on Social Security.

The committee suggests that a national housing scheme be planned in consultation with the states and supervised by the Commonwealth but executed by the states under uniform legislation adopted by the Commonwealth and state parliaments.

The Committee also suggests:—

1. The setting up of a housing standard covering types of homes for persons on low incomes for: (a) purchase with a deposit of 10 per cent; (b) purchase without a deposit; (c) rental at an economic rental which should not exceed 15 per cent, or at most 20 per cent of the basic wage; (d) rental at a sub-economic rate within the capacity of the tenant to pay, having regard to family obligations and income.

2. Power to be vested in the state authority to condemn and order demolition without compensation of any sub-standard dwelling and to acquire land for rehousing purposes and provide housing for rental purposes.

3. Provision for the discharge at a low interest rate of onerous mortgages and for loans for the repair, alteration or extension of dwellings.

4. Finance by the Commonwealth, at the lowest possible rate of interest, but not exceeding $2\frac{1}{2}$ per cent, and under conditions which will permit of the continuous completion of homes to meet Australian requirements as a government guarantee against loss of advances made by housing authorities, building societies or lending institutions to persons acquiring on the rent-purchase basis, with or without a deposit, and to pensioners, unemployed and persons in destitute circumstances at a sub-economic rental only, free of all charges, if necessary. Inquiry and research concerning methods of construction, costs and types of dwellings, mass production methods and land values, with the object of reducing the cost of homes, especially for low-wage earners.

5. The regional and scientific planning of areas for housing and industrial purposes, with the object of establishing self-contained communities enjoying public recreational, educational, health and social welfare services.

The above recommendations were contained in the fourth interim report tabled in the House of Representatives during the recent parliamentary session, and it is expected that it will be discussed fully in the next parliamentary session in August.

LIQUOR RATIONING IN NEWFOUNDLAND

R. P. BOWER, ACTING TRADE COMMISSIONER

St. John's, September 1, 1942.—In a report on liquor rationing in Newfoundland, published in *Commercial Intelligence Journal* No. 2009 (August 1, 1942), page 109, it was indicated that, as from August 10, 1942, the various stores of the Liquor Control Board in Newfoundland would refuse to sell to any one person more than three bottles of spirits in any one week.

In view of the short supplies of spirits available in the country, it has been decided to reduce the ration to two bottles of spirits per week. The Board of Liquor Control has also announced an increase of twenty-five to thirty cents per bottle on all spirits sold, effective at the opening of business on September 1. The price of local beer has also been advanced five cents per bottle.

TRADE OF HAITI IN 1940-41

C. S. BISSETT, CANADIAN TRADE COMMISSIONER

(One Haitian gourde equals U.S.\$0.20; one metric ton equals 2,204 pounds; one kilo equals 2.2 pounds)

II. Trade with Canada

The exchange of goods in past years between Canada and Haiti has always been of relatively minor importance. Canada has never purchased Haitian products to any extent, and the main Canadian sales to the Republic have been of dried and smoked fish, some quantities of wheat flour, rubber tires and tubes and small amounts of various other items. However, the war cut off Haiti's important export outlets in Europe as well as its sources of supply in that area, thereby turning the flow of trade almost entirely to the Western Hemisphere. Such is the position at the present time, although it had not reached its full proportions in the year under review. Canada has benefited from this forced diversion of trade and should continue to do so for the duration of the war, with good prospects that, even after hostilities cease, the markets for Canadian goods now being built up in Haiti will become more or less permanent.

EXPORTS TO CANADA

Haitian exports to Canada in 1940-41 practically doubled as compared with the previous year. The following table lists the principal commodities, with their weights and values, that made up the exports during the two fiscal years under review:—

Haitian Exports to Canada

	1940-41		1939-40	
	Kilos	Gourdes	Kilos	Gourdes
Coffee..	2,037,762	1,069,617	84,001	55,340
Sisal fibre..	493,638	233,528	.....	.....
Cotton..	48,492	52,748	.....	.....
Orange peel..	31,131	16,358	.....	.....
Oranges, bitter..	49,115	10,907	17,140	3,776
Grapefruit peel..	4,953	2,514	.....	.....
Wooden furniture..	58	428	.....	.....
Sugar, refined..	182	84	.....	.....
Rum..	18	60	.....	.....
Sugar, raw.. . . . .	.....	.....	3,252,820	520,021
Cottonseed cake.. . . . .	.....	.....	1,050,005	116,810
Grapefruit.. . . . .	.....	.....	34,706	5,742
All other.. . . . .	.....	.....	.....	139
Total values..	1,386,244		701,828	

Coffee chiefly accounted for the increased exports to Canada. In previous years Canada purchased only small amounts of Haitian coffee, the bulk of which had always gone to Europe. Items of interest not previously marketed in Canada except at rare intervals are: sisal fibre, cotton, and various citrus fruit products.

The official statistics covering exports to Canada do not truly reflect the real value of the Dominion's purchases of Haitian products. An important quantity of these is ordinarily purchased by Canadian importers in bond in the United States and, as these goods were shipped originally to that country, no credit can subsequently be given to Canada in the trade returns. In the case of large shipments that have been billed direct to Canadian destinations, Canada receives statistical credit, but a considerable proportion of the Haitian goods consumed in Canada are bought in small lots from stocks held in the United States, and these are never shown as Canadian purchases.

IMPORTS FROM CANADA

Haitian imports from Canada in 1940-41 increased slightly as compared with 1939-40. The level of purchases from Canada at the present time is considerably higher than is shown in the appended table, and the total imports from Canada should be considerably greater in the current fiscal year than in the year under review. Considering the severely depressed economic conditions in Haiti in 1940-41, it is noteworthy that Canadian sales to the Republic increased rather than decreased as might have been expected. This is confirmation of the trend of purchases in the Western Hemisphere which set in about the middle of 1940, although the effect of this trend is somewhat obscured by the decrease in purchasing power that prevailed during almost the whole of the fiscal year under review.

The following table shows the chief products imported into the Republic from Canada in 1940-41 and 1939-40:—

Haiti's Principal Imports From Canada

	1940-41		1939-40	
	Kilos	Gourdes	Kilos	Gourdes
Fish, salted or dried..	210,581	202,703	331,006	242,035
Fish, pickled or smoked..	389,936	153,452	601,557	184,820
Paper and manufactures.. . . . .	.....	77,016	.....	11,477
Rubber tires and tubes..	7,211	30,213	6,177	25,812
Chemical and pharmaceutical products ..	.....	20,249	.....	1,181
Books and other printed matter.. . . . .	.....	13,160	.....	854
Flour of wheat..	42,260	11,665	105,714	28,078
Oils, fats, waxes and their derivatives..	.....	10,539	.....	19
Nails and tacks..	7,689	9,023	8,407	9,303
Confectionery..	2,917	6,583	.....	.....
Copper and alloys and manufactures.. . .	.....	3,809	.....	641
Wool, bristles, hair and manufactures.. .	.....	3,319	.....	1,700
Agricultural implements.. . . . .	.....	2,937	.....	.....
Foodstuffs, miscellaneous uncanned.. . .	7,156	2,568	2,067	959
Tin, lead, zinc and other metals and manufactures.. . . . .	.....	2,545	.....	3,493
Rubber goods, miscellaneous.. . . . .	.....	2,213	.....	917
Fibres, vegetable, other than cotton and manufactures.. . . . .	.....	2,202	.....	.....
Spirits, distilled..	357	1,617	485	2,255
Patent medicines..	64	1,587	29	789
Silk and manufactures.. . . . .	.....	1,502	.....	2,627
Cotton goods, miscellaneous.. . . . .	.....	1,350	.....	67
	Pairs		Pairs	
Boots, shoes and slippers of leather.. . .	1,435	9,407	1,348	6,838
All other articles.. . . . .	.....	22,925	.....	26,587
Total values..		592,584		550,452

Dried and smoked fish have always been the chief commodities imported by the Republic from Canada. These items, at prices prevailing in recent

years, provided a fairly cheap food for the native agricultural population. However, the general rise in the price of fish of all kinds, which began early in 1940, combined with the depressed economic conditions in the Republic at that time, tended to curtail severely the quantity and, to a lesser extent, the value of the fish imported in the year under review. This price rise is indicated in the foregoing table. Bloaters and dried salt cod, with a small amount of dried salt scale fish, are the main items entering into this fish trade. During the current fiscal year, beginning October 1, 1941, this price rise accelerated greatly, so that at present bloaters are practically doubled and cod almost tripled in value. Accordingly the quantities of fish which will be imported this year are bound to be considerably below those purchased last year.

The decrease in the value of the fish trade, however, was more than compensated for by increases in imports of some of the other usual items and by the introduction into this market of commodities which had not heretofore been included in Canada's exports to the Republic. Of the items in the former group, noteworthy increases occurred in paper and paper goods, rubber tires and tubes, chemical and pharmaceutical products, and books and other printed matter. In connection with the last-mentioned item it is noteworthy that Haiti is turning to Canada as a source of French literature and commercial publications and printing, now that its former sources of supply in France have been cut off. Of the commodities which appear in the trade figures for the first time it is hoped that the present small market for these can be extended in due course, and that they will be permanently included among Canada's exports to the Republic in normal times.

In addition to the items listed in the foregoing table, there were a large number of minor value which did not merit tabulation. Chief among these, with values in gourdes for the fiscal year 1940-41, were the following: cotton cloths, plain woven, bleached and unbleached (291); cotton belts and hosiery (586); cotton clothing, except knit-goods (428); glass and glassware (530); hats and caps (163); miscellaneous hides and skins and manufactures (641); electrical machinery and apparatus and appliances (441); all other machinery (735); miscellaneous mineral oils (627); perfumery and cosmetics (465); plated ware, gold and silver (576); rubber tires and tubes (576); stone, earth and manufactures (183); wood and manufactures (350).

CONTROL OF EXPORTS FROM CANADA: REGULATIONS AMENDED

By Export Permit Branch Order No. 43, effective September 5, 1942, Regulation 7 (a) is amended to read as follows: "Export Permits shall not be required for shipments of \$100 or less in value to Newfoundland, except in respect of tea, coffee, coconut, rubber and rubber products, and except in respect of sugar, as provided in Regulation 30."

By Export Branch Order No. 44, effective September 2, 1942, agricultural implement and machinery parts (Group 5: Iron and Steel and their Products) over \$25 in value are exempted from requiring an export permit for shipment to any part of the British Empire or to the United States.

ADDITION TO LIST OF PRODUCTS AFFECTED

By Order in Council P.C. 7853, effective September 5, 1942, the exportation to any country of coconuts, coconut meat and desiccated coconut, sweetened or not (Group 1: Agricultural and Vegetable Products), is prohibited except under permit issued by the Export Permit Branch, Department of Trade and Commerce.

IMPORTS INTO THE UNITED STATES OF PRODUCTS UNDER THE QUOTA PROVISIONS OF THE TRADE AGREEMENT

The following table, prepared by the Canadian Trade Commissioner's office in New York from preliminary figures issued by the Treasury Department at Washington, D.C., shows the standings of the quotas provided for under the Canada-United States Trade Agreement (signed November 17, 1938) up to August 1, 1942:—

Unit	Total Quota	Reduction in Duty from 1930 Tariff Act	Used by Canada to August 1, 1942	
			Quantity	Per Cent
Cattle (700 lb. or more)Head	225,000	3 to 1½c. per lb.	104,615	46.5
Cattle (less than 200 lb.)Head	100,000	2½ to 1½c. per lb.	55,828	55.8
Whole milkGal.	3,000,000	6½ to 3¼c. per gal.	2,914	0.1
CreamGal.	1,000,000	56½ to 28¼c. per gal.	547	....
Filletted fish, fresh or frozen: cod, haddock, hake, pollock, cusk and rosefishlb.	15,000,000	2½ to 1½c. per lb.	8,841,398	58.9
Seed potatoesBu.	1,500,000 beginning Sept. 15, 1941	75 to 37½c. per 100 lb.	550,509	36.7
White or Irish potatoes, other than seed potatoesBu.	1,000,000 beginning Sept. 15, 1941	75 to 60c. per 100 lb. Dec. 1 to end of Feb.; 37½c. Mar. 1 to Nov. 30	20,826	2.1
Red cedar shinglesSq.	2,617,111	Free	1,958,422	74.8
Silver or black foxes, furs and articles:				
*Foxes valued under \$250 each and whole furs and skinsNo.	100,000 beginning Dec. 1, 1941	50 to 35% ad val. 50 to 35% ad val.	41,130† 5,000	41.1 Quota filled
TailsPiece	5,000 beginning Dec. 1, 1941			

* The duty on live foxes of 15 per cent ad valorem, the rate fixed in the Tariff Act of 1930, is not affected by the agreement.

† The imports from Canada of 41,130 foxes valued under \$250 each and whole furs and skins are for the period December 1, 1941, to April 30, 1942. Imports from countries other than Canada for this period totalled 23,608. For the period May 1 to November 30, 1942, the United States set the quota allotment at 41,774 for all countries, and for the months of May, June and July imports totalled 15,736. However, there is no indication in the statement by the Treasury Department as to what proportion of these imports were supplied by Canada.

* During the third quarter of 1942 Canada shipped 7,904 head of cattle weighing 700 pounds or more, other than dairy cattle, to the United States, or 15.3 per cent of the quarterly quota allotment of 51,720 head provided for by the United States. The third-quarter allotment of 8,280 head from countries other than Canada was filled, and receipts over and above this number were subject to the full rate of duty.

TARIFF CHANGES AND TRADE REGULATIONS

New Zealand

IMPORT CONTROL IN 1943

Particulars of the import control regulations to be effective in New Zealand during 1943 (as announced in *Commercial Intelligence Journal* No. 2005: July 4, 1942, page 29) have been received from Mr. C. B. Birkett, Acting Trade Commissioner in Auckland.

The six categories of imports, based on the countries of origin of the goods and different degrees of restriction, which were adopted for 1942 (see *Commercial Intelligence Journal* No. 1959: August 16, 1941, page 201) are continued, with the addition of a new category which, the Acting Trade Commissioner

states, comprises commodities that are under strict export control in the countries from which they are supplied to New Zealand. These will now be imported by the Ministry of Supply, and the category is designated "MS".

Articles so designated in a schedule gazetted June 18, 1942, include salt in packages of over five pounds, unmanufactured tobacco, sulphur, rubber footwear, hose, hot-water bottles and similar articles of rubber, rubber gloves, rubber tires, emery paper and cloth, pulp for the manufacture of paper, various measuring instruments, traction engines and portable steam engines, a wide range of industrial machinery, circular saws, axes, hay forks, artificers' tools, hardware and ironmongery, unassembled motor vehicles, petroleum and its derivatives, and metals in a variety of forms including pigs, ingots, bars, rods, sheets, foil, wire, pipes, and rails.

To assist the Ministry of Supply in bulking orders for certain critical items, a company representative of the trades concerned has been formed, called The Consolidated Importers of New Zealand Ltd. Licences to import the items during 1943 will be granted to this company only, which in turn will receive applications from the various importers and treat these applications on the basis of the value of such imports by the individual firms during 1939. A leading firm of the group will act as the executive and place the bulk order. So far as is possible the orders will be placed with the suppliers designated by the individual firms. Payment will be effected by the company under an arrangement now being concluded with the Reserve Bank of New Zealand. This arrangement, it is understood, will be in the nature of the allocation of a lump sum by the Reserve Bank against irrevocable bank guarantees from the individual importers.

The items at present under the company's control embrace machine tools, machinery, artificers' tools and measuring instruments. Others to be included but not yet confirmed are emery paper and cloth, glass paper and builders' hardware. It is likely that, as the year goes on, additions will be made to this list but those essential items of a definite nature are likely to remain under the direct control of the Ministry of Supply. Further information on this form of bulk ordering will be available later.

Other changes in the classification of goods for import licensing purposes chiefly comprise the transfer of items from a fixed quota to the "control" group, i.e. each application for licence to import to be considered on its merits by the central licensing authority.

When making announcement of these import control regulations for 1943, the Minister of Customs stated that, in view of the delays at present being experienced in the fulfilment of orders and in shipping goods from overseas, it had been decided that the Sixth-period licences (year 1942) should be valid for imports up to June 30, 1943, instead of December 31, 1942.

British India

IMPORTS RESTRICTED TO ESSENTIAL COMMODITIES

With reference to the notice in *Commercial Intelligence Journal* No. 2005 (July 4, 1942), page 28, Mr. Paul Sykes, Canadian Trade Commissioner at Bombay, has now forwarded copy of a notice, issued by the Import Trade Controller at Bombay on June 10, in which it is stated that goods under Open General Licence from Canada, the United Kingdom, Australia and Newfoundland and despatched on through consignment from those countries after July 1, 1942, must be individually covered by special import licences, as Open General Licences will cease to cover such goods as from that date. Special licences, it was stated, will in the first instance be valid to cover shipments made during the six months period July 1 to December 31, and the previous system under which licences were valid for bi-monthly periods will be abandoned.

Another notice, issued by the same authority on June 22, informed importers holding licences already issued to them for goods from Canada, the United States or Newfoundland that all such licences were cancelled and should be returned to the authority which issued them, namely, the Chief Controller of Imports or the Import Trade Controller, as the case may be. On receipt of the licences, the question of revalidation was to be considered by the licensing authority.

The cancellation of the licences, the notice said, was necessitated because of restrictions imposed in Canada, the United States and Newfoundland on supplies from those countries and also because shipping space was available only to a limited extent. Licences could, therefore, be issued in future only in cases where imports are essential either for direct war purposes or to maintain the civil population under wartime conditions. The same considerations, it was said, would be observed in deciding whether existing licences should be revalidated, but account would also be taken of irrevocable commitments, if any, which had been entered into by the licence holder.

In returning the licences that were still valid, licence holders were asked to state whether (a) the goods had already been shipped and their arrival awaited and/or (b) remittance of foreign exchange had been made in whole or in part for the goods covered by the licence. The importer was also required to furnish the estimated gross weight of the goods. A later advice was to the effect that importers should also give the name and address of the supplier of the goods, whether an order had been placed against the licence and whether it had been accepted by the supplier.

Fresh applications for import licences, it was announced in the notice of June 22, might be made to cover shipments up to any time before December 31, 1942. These applications must be accompanied by statements of weight. All fresh licences issued will be marked "Essentiality Quota" or "Essentiality". Details of all licences so marked, the notice states, are to be forwarded by air mail to the Indian Purchasing Mission, New York, so that the Mission may give all possible assistance in regard to release, manufacture or shipment of licensed goods.

Another notice, issued June 25, by the Import Trade Controller, Bombay, announced that licences for goods which prior to July 1 had been under Open General Licence will now be issued on a quota basis. The basic years for imports from the United States, it was stated, would apply also in fixing quotas for imports from Canada and Newfoundland.

LICENSING OF PRINTING PAPER

A notice issued by the Import Trade Controller at Bombay on June 25 gives some information with regard to import licensing of newsprint falling within the classification "white printing paper which contains mechanical wood-pulp amounting to not less than 70 per cent of the fibre content and which weighs not less than 40 grams per square metre."

It was stated that licences for such newsprint which were issued before April 15 against Quota Allotment Certificates granted by the Chief Controller of Import, and which were still valid, would be revalidated for 75 per cent of the quantities mentioned in the licences and made valid for shipments up to December 31, 1942. Licences issued after April 15 were to be revalidated for the full quantity and made valid for shipments up to the same date.

In returning for revalidation licences which were not issued against Quota Allotment Certificates, the holders were asked to state whether the goods had been shipped or whether remittance of foreign exchange had been made.

Trinidad

REDUCED BRITISH PREFERENTIAL DUTY ON BEER

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, Trinidad, reports under date August 28 that the British preferential tariff on beer, ale, stout and porter certified to be required for use of H.M. naval, military and air forces, is reduced to 18 cents per gallon from the former rate of 42 cents on beer and ale and 55 cents on stout and porter. The general tariff remains at 84 cents per gallon for beer and ale and 70 cents per gallon for stout and porter.

British Guiana

IMPORT LICENCES FOR POTATOES REVOKED

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, has cabled that British Guiana is revoking import licences for potatoes not shipped by September 16. Under the import licensing system in force in British Guiana (see *Commercial Intelligence Journal* No. 1969: October 25, 1941, page 499), an import licence is required for the importation of all goods that are not definitely prohibited.

British Honduras

DUTIES INCREASED ON PRESERVED MILK OF LOW FAT CONTENT

Mr. F. W. Fraser, Canadian Trade Commissioner at Kingston, Jamaica, reports that a British Honduras Ordinance, assented to on July 18, 1942, amends the tariff on preserved milk by differentiating between milk containing not less than 8 per cent butter fat and milk containing less than that percentage. The new rates on condensed milk, milk powder, dried milk, natural sterilized and evaporated milk containing not less than 8 per cent butter fat are free under the British preferential tariff and 5 per cent ad valorem under the general tariff. When containing less than 8 per cent butter fat, the corresponding rates are 25 per cent ad valorem and 50 per cent ad valorem.

The former rates, regardless of the butter fat content, were: condensed milk, free of duty British preferential tariff and 5 per cent ad valorem general tariff; other milk preparations, 5 per cent ad valorem British preferential rate and 10 per cent ad valorem general rate. The above-noted distinction is in line with the practice followed in other colonies and also with the generally accepted minimum content of 8 per cent butter fat as the standard for condensed milk fit for human consumption.

DUTY-FREE ENTRY FOR CERTAIN DRUGS FOR TREATMENT OF MALARIA

The Ordinance of July 18 also provides for the duty-free entry from all countries of synthetic compounds for treatment of malaria, including amino quinoline derivatives known by the names of Plasmoquine, Plasmochin, Pamaquin and Praequine respectively and the acridine dye known by the names of Atebrine, Mepacrine Hydrochloride, Quinaerine and Chinaerin respectively. The former rates of duty on these drugs were 12½ per cent ad valorem British preferential rate and 25 per cent general rate.

Newfoundland

UNIFORM DUTIES ON PIPE AND CIGARETTE TOBACCOS

Tariff changes affecting manufactured tobacco, announced by the Commissioner of Finance in a budget broadcast on July 14, and effective next day, are contained in a Newfoundland Act assented to on August 24, 1942. The former rate on tobacco, manufactured for pipe smoking only, was 57 cents per

pound plus 18 per cent ad valorem, and on manufactured tobacco commonly used in making cigarettes or for both pipe and cigarettes, \$1.43 per pound. The new rate on both kinds is 96 cents per pound. Excise duties of 58 cents per pound on pipe tobacco and 82 cents per pound on cigarette tobacco are replaced by an excise duty of 76 cents on both kinds.

Argentina

EXCHANGE RATE FOR APPLES AND PEARS

Mr. J. A. Strong, Canadian Commercial Attaché in Buenos Aires, writes that, under an amendment to Argentine Exchange Control regulations published on August 25, 1942, exchange for payment for fresh apples and pears may now be obtained by Argentine importers at the rate of 4.21 pesos to the United States dollar, the so-called "second preferential" rate, instead of at the "auction" rate of 4.95 pesos which applied to last season's imports.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING SEPT. 8, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, September 8, 1942, and for the week ending Monday, August 31, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Aug. 31	Nominal Quotations in Montreal Week ending Sept. 8	Official Bank Rate
Great Britain.	Pound	4.8666			
		Buying	\$4.4300	\$4.4300	2
		Selling	4.4700	4.4700	—
United States.	Dollar	1.0000			
		Buying	1.1000	1.1000	1
		Selling	1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
		Bid	4.4200	4.4200	—
		Offer	4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
		Official	.3304	.3304	3½
		Free	.2632	.2625	—
Brazil.	Milreis (Paper)	.1196			
		Official	.0673	.0673	—
		Free	.0571	.0571	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
		Official	.0573	.0574	3-4½
		Export	.0444	.0444	—
Colombia.	Peso	.9733	.6347	.6334	4
Venezuela	Bolivar	.1930			
		Official	.3313	.3313	—
		Free	.3336	.3336	—
Uruguay.	Peso	1.0342			
		Controlled	.7307	.7307	—
		Uncontrolled	.5855	.5852	—
South Africa.	Pound	4.8666			
		Bid	4.3862	4.3862	3
		Offer	4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
		Bid	4.5380	4.5380	—
		Offer	4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
		Bid	3.5300	3.5300	3
		Offer	3.5760	3.5760	—
New Zealand.	Pound	4.8666			
		Bid	3.5440	3.5440	1½
		Offer	3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

C. H. PAYNE, Director

Argentina

J. A. STRONG, Commercial Attaché, Bartolome Mitre 478, Buenos Aires (1). (Territory includes Uruguay.) *Cable address, Canadian.*

Australia

Sydney: **L. M. COSGRAVE**. Address for letters—P.O. Box No. 3952V. Office—City Mutual Life Building, Hunter and Bligh Streets. (Territory includes the Australian Capital Territory, New South Wales, Queensland, Northern Territory and Dependencies.) *Cable address, Canadian.*

Melbourne: **FREDERICK PALMER**, 44 Queen Street, Melbourne, C.I. (Territory includes States of Victoria, South Australia, Western Australia, and Tasmania.) *Cable address, Canadian.*

Brazil

L. S. GLASS, Commercial Attaché. Address for letters—Caixa Postal 2164, Rio de Janeiro. Office—Ed. "Brasilia," Sala 1110, Av. Rio Branco 311. *Cable address, Canadian.*

British India

PAUL SYKES. Address for letters—P.O. Box 886, Bombay. Office—Gresham Assurance House, Mint Road, Bombay. (Territory includes Burma and Ceylon.) *Cable address, Canadian.*

British West Indies

Trinidad: **G. A. NEWMAN**. Address for letters—P.O. Box 125, Port of Spain. Office—Colonial Life Insurance Building. (Territory includes Barbados, Windward and Leeward Islands, and British Guiana.) *Cable address, Canadian.*

Jamaica: **F. W. FRASER**, P.O. Box 225, Kingston. Office—Canadian Bank of Commerce Chambers. (Territory includes the Bahamas and British Honduras.) *Cable address, Canadian.*

Chile

M. J. VECHSLER. Address for letters—Casilla 771, Santiago. (Territory includes Bolivia.) *Cable address, Canadian.*

Cuba

J. L. MUTTER. Address for letters—Apartado 1945, Havana. Office—Royal Bank of Canada Building, Calle Aguiar 367, Havana. (Territory includes Haiti, the Dominican Republic, and Puerto Rico.) *Cable address, Canadian.*

Egypt

Acting Trade Commissioner. Address for letters—P.O. Box 1770, Cairo. Office—22 Shari Kasr el Nil, Cairo. (Territory includes the Sudan, Palestine, Cyprus, Iraq, Syria, Iran and Turkey.) *Cable address, Canadian.*

Ireland

E. L. McCOLL, 66 Upper O'Connell Street, Dublin, Ireland (*cable address, Canadian*); and 36 Victoria Square, Belfast, Northern Ireland.

Mexico

C. S. BISSETT. Address for letters—Apartado Num. 126-Bis, Mexico City. Office—Edificio Banco de Londres y Mexico. Num. 30, Mexico City. (Territory includes Guatemala, Honduras, and Salvador.) *Cable address, Canadian.*

Newfoundland

R. P. BOWER, Acting Trade Commissioner, Circular Road, St. John's. *Cable address, Canadian.*

CANADIAN GOVERNMENT TRADE COMMISSIONERS—*Con.*

New Zealand

C. B. BIRKETT, Acting Trade Commissioner. Address for letters—P.O. Box 33, Auckland. Office—Yorkshire House, Shortland Street, Auckland. (Territory includes Fiji and Western Samoa.) *Cable address, Canadian.*

Panama

H. W. BRIGHTON. Address for letters—P.O. Box 222, Panama City. Office—98 Central Avenue, Panama City. (Territory includes the Canal Zone, Venezuela, Colombia, Nicaragua, Costa Rica, and the Netherlands West Indies.) *Cable address, Canadian.*

Peru

W. G. STARK, Acting Trade Commissioner. Address for letters—Casilla 1212, Lima. Office—Edificio Boza, Carabaya 831, Plaza San Martin, Lima. (Territory includes Ecuador.) *Cable address, Canadian.*

South Africa

Cape Town: J. C. MACGILLIVRAY. Address for letters—P.O. Box 683. Office—New South African Mutual Buildings, 21 Parliament Street. (Territory includes Cape Province and Southwest Africa, Natal, Tanganyika, Kenya, Uganda, Mauritius, Madagascar and Angola.) *Cable address, Cantracom.*

Johannesburg: H. L. BROWN, Acting Trade Commissioner. Address for letters—P.O. Box 715. Mutual Buildings, Harrison Street. (Territory includes Transvaal, Orange Free State, the Rhodesias, Mozambique or Portuguese East Africa, Nyasaland and the Belgian Congo.) *Cable address, Cantracom.*

United Kingdom

London: FREDERIC HUDD, Chief Trade Commissioner in the United Kingdom, Canada House, Trafalgar Square, S.W.1. *Cable address, Sleighing, London.*

London: J. A. LANGLEY, Trade Commissioner, Canada House, Trafalgar Square, S.W.1. (Territory includes Home Counties, Southeastern Counties, and East Anglia; also British West Africa.) *Cable address, Sleighing, London.*

London: W. B. GORNALL, Fruit Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Canfrucum.*

London: G. R. PATERSON, Animal Products Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Agrilson.*

Liverpool: A. E. BRYAN, Martins Bank Building, Water Street. (Territory includes North of England, Lincolnshire, North Midlands, and North Wales.) *Cable address, Canadian.*

Bristol: JAMES CORMACK, Northcliffe House, Colston Avenue. (Territory includes West of England, South Wales, and South Midlands.) *Cable address, Canadian.*

Glasgow: G. B. JOHNSON, 200 St. Vincent Street. (Territory covers Scotland.) *Cable address, Cantracom.*

United States

Washington: H. A. SCOTT, Commercial Attaché. Office—Canadian Legation.

New York City: D. S. COLE, British Empire Building, Rockefeller Center. (Territory includes Bermuda.) *Cable address, Cantracom.*

Chicago: M. B. PALMER, Tribune Tower, 435 North Michigan Avenue. *Cable address, Canadian.*

Los Angeles: T. J. MONTY, Acting Trade Commissioner, Associated Realty Building, 510 West Sixth Street. *Cable address, Canadian.*

Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

D. I.

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SUPPLY POSITION FOR FOODSTUFFS IN THE BRITISH WEST INDIES (EASTERN GROUP) AND BRITISH GUIANA

G. A. NEWMAN, CANADIAN TRADE COMMISSIONER

Port of Spain, August 26, 1942.—Agriculturists in the British West Indies have always concentrated their efforts on the production of cash crops of sugar cane, cocoa, bananas, spices, citrus fruits, coconuts, coffee, rice, arrow-root and cassava, and have left the cultivation of subsistence crops to the peasant farmers.

Rich returns from the sale of sugar and its products up to the middle of the nineteenth century and the good prices realized for these and other agricultural exports at intermittent periods up to 1921 seemed to justify the assumption that food supplies should be imported. In recent years the world market values for tropical produce have declined severely, but habit and established commercial interests and practices have encouraged the continued use of imported foods.

DOMESTIC SUPPLIES

In 1938 rice grown in British Guiana was the only essential food being produced in any large volume in this territory. Probably less than 5 per cent of the land under cultivation elsewhere in the British West Indies (Eastern Group) was being used for ground crops such as yams, maize, sweet potatoes, eddoes and similar food crops. Usually the foods grown were high in carbohydrates and low in protein. Fresh meat, poultry and eggs, although of poor quality, were fairly plentiful in the smaller islands and British Guiana but were limited in Trinidad, and milk supplies were inadequate in most of the

colonies. In many of the colonies tree fruits such as bananas, mangoes and oranges were being grown, and in Trinidad and British Guiana copra products, especially edible oil, were being produced in quantities sufficient to meet their respective needs.

FOOD IMPORTS

About this time the annual per capita consumption of imported foodstuffs in the various colonies was as follows: Trinidad, \$14.68 (B.W.I. currency); Barbados, \$13.20; Leeward Islands, \$10.08; British Guiana, \$7.44; Grenada, \$5.70; St. Vincent, \$4.24; St. Lucia, \$4.02; Dominica, \$3.04. In 1938 foodstuffs constituted nearly 30 per cent of the total value of imports into these colonies, chief among which were the following:—

Principal Foodstuffs Imported into the British West Indies (Eastern Group) and British Guiana in 1938

	Value (B.W.I. Currency)	Percentage of Total Food Imports Value	Main Countries of Origin
Flour	\$3,848,285	20.5	Canada, U.K., Australia
Rice	1,673,173	8.9	India, British Guiana
Preserved meats. . .	1,179,367	6.2	Argentina, Brazil, U.S., Canada, U.K.
Preserved fish (other than canned)	1,153,991	6.1	Canada, Newfoundland, U.K.
Butter and substitutes	1,033,906	5.5	U.K., Eire, France, Australia, New Zealand
Alcoholic beverages..	1,035,148	5.5	U.K., France, Canada
Canned milk	1,019,224	5.4	Holland, U.K., Denmark
Tobacco	788,465	4.2	U.S., U.K.
Animal feeds	723,736	3.8	Canada, U.S., Argentina, U.K.
Fresh vegetables. . . .	665,293	3.5	Canada, W. Indies, Holland, Madeira, Argentina
Beans, peas, etc. (dried)	378,956	2.0	U.K., Holland, India, U.S., Canada
Canned fish	260,534	1.4	Canada, U.S.
Cheese	229,854	1.2	Canada, New Zealand, Holland
Confectionery	226,137	1.2	U.K., Canada
Cornmeal	215,868	1.1	U.S., Canada, Argentina
Canned meats.	185,709	0.93	Argentina
Salt	106,625	0.56	U.K., W. Indies

This demand for imported foods has been the mainstay of Canada's export trade to the British West Indies. Canada-British West Indies trade treaties have been based on the assumption that Canada would receive sugar in exchange for markets for food products, especially flour. Of the foregoing imports Canada supplied all the bakers' flour, large quantities of pickled pork, dried, smoked and pickled fish, increasing quantities of beer, a fair share of the animal foodstuffs, most of the potatoes, some of the onions, all the low-grade canned salmon, most of the sardines and cheese, and moderate quantities of confectionery, as well as sundry other food products not listed in the foregoing table.

TRADE DIVERSION IN WAR YEARS

The war brought about a number of changes, the progressive effect being greatly to increase Canada's importance as a source of supply to this territory. Low-grade counter flour was no longer imported from British port mills, and Canada remained the sole exporter of this product; condensed milk from Holland and the United Kingdom was replaced by shipments from the Dominion; the demand for animal feedstuffs from Canada increased; a new market was opened up for split peas, formerly obtained from Holland and the United Kingdom; the market for Canadian beer expanded; and the Dominion became a source of supply for salt. These and many other changes combined to increase imports from Canada to record levels.

IMPORT RESTRICTIONS

Non-essential food imports were reduced in 1941 when the colonies, in consultation, prohibited the importation of a number of items among which the following were of interest to Canadian shippers: fresh apples, spirits and wines, sweetened and unsweetened biscuits, canned fruits and vegetables, dried apples, lard, condiments and pickles, syrup, confectionery, prepared coffee, fruit juices, and jams. In some of the colonies the import of prepared cereals other than oatmeal and rolled oats was prohibited, and beer was either placed on a quota basis or prohibited. The loss in trade caused by these restrictions, while affecting individual shippers, was negligible from a general point of view in comparison with the heavy gains resulting from the diversion of trade to Canada.

BULK PURCHASE OF FOODSTUFFS

Early in 1942 it became apparent that intensive submarine warfare in the Caribbean sea was reducing shipping space at a rate which made it necessary to exercise strict supervision over foodstuff imports. The governments of most of the colonies, therefore, established controls for this purpose.

In May of this year a conference of the control authorities, together with representatives from Canada and the United States, met in conference in Jamaica and initiated a system of bulk purchasing of essential foods in order to further conserve shipping space. Ultimately it was agreed that foodstuffs to be purchased from Canada should be dealt with separately from any bulk orders placed in the United States. At present the usual procedure is for the authorities in each colony to notify the Colonial Supply Liaison Officer of their priority requirements and to place orders, or allow the orders to be placed, through the usual commercial channels, copies being sent by the authorities to the Colonial Supply Liaison Officer. In certain colonies orders are placed through that officer, although the tendency is to direct business as much as possible to commercial channels and reserve to government authority the control of priorities and allocation of shipping space. Meanwhile the Department of Trade and Commerce, in co-operation with the Colonial Supply Liaison Officer, is gradually assuming responsibility for the allocation of shipping space to individual shippers of essential food products.

The immediate needs of each colony vary according to stocks of essential foods available in the local warehouses, and this gives rise to variations in priority ratings, but a representative list of essential foods subject to priority would comprise the main food imports listed in the table of imports included in this report.

The importance of maintaining adequate supplies of flour during the present emergency is recognized by the colonial authorities, since a shortage of this product would be felt more sharply than the lack of any other commodity. On the other hand, it has been found that potatoes can be replaced rather readily by local ground provisions.

PRODUCTION CAMPAIGNS

In recent months great interest has been shown in increasing the production of local foodstuffs. Compulsory planting of specified acreages has replaced the appeals made in 1941 for voluntary increase in food-crop cultivation.

It is evident, however, that even though results from these increased plantings of food crops may be favourable, the British West Indies (Eastern Group), and to some extent British Guiana, will continue to depend on imported foodstuffs for a large part of their requirements. The need for observing a careful balance between cash and food crops, the lack of proteins in the foods grown, the necessity of educating the colonists to rely more on their own resources for food supplies, and the difficulty in altering established trade practices will likely limit the extent to which domestic foods will be utilized.

DISTRIBUTION OF TRADE CATALOGUES AND CIRCULARS

The Ministry of War Transport has during the past few months received a number of letters from the recipients in the United Kingdom of unsolicited and unwanted trade catalogues and circulars from the United States and Canada suggesting that some restrictions should be placed upon the sending of this second-class mail matter, thus releasing shipping space for urgent priority cargo.

It is obviously difficult to obtain precise figures of the total space occupied by this class of traffic, but investigations made at the end of 1941 revealed that over a representative period second-class mail matter received from the United States averaged just under eight shipping tons weekly and was composed of: (a) 30 per cent trade catalogues or analogous publications; (b) 40 per cent periodicals of a religious nature; (c) 30 per cent ordinary newspapers and miscellaneous matter for individual addressees.

The bulk importation into the United Kingdom of books and magazines has for some time been restricted through the medium of licensing control, and exchange control has been used to limit the number of single-copy subscribers to periodicals.

None of these methods can, however, be used to stop the flow of trade catalogues and circulars through the mails. The British Post Office has advised that no restrictions can be placed on these publications on purely postal grounds, and any further attempt to impose limitations in Great Britain would involve great administrative difficulties and would not achieve the desired object of saving shipping space, since the limitations could only become operative on the arrival of these publications in the United Kingdom.

Although the space occupied by these unwanted and unsolicited trade catalogues and circulars is comparatively small, it is in present conditions particularly wasteful to allow it to be so employed, and its use for this material raises adverse comment from the recipients. The Ministry of War Transport are anxious to have this traffic stopped, and we have been asked to see what could be done. It seems that this is not a matter in which administrative action or new regulations could be effective. There would be difficulties, for instance, in distinguishing between the cases in which such material could or could not legitimately claim carriage through the mails. In these circumstances it is thought that the only step which could effectively be taken would be an appeal, perhaps through Chambers of Commerce or similar organizations, asking that the sending of trade catalogues and circulars to recipients in the United Kingdom who had not asked for them might be suspended. This could be based on the two grounds of: (a) the saving of shipping space; and (b) the limitations on trade with the United Kingdom imposed both by control over production here and import licensing and exchange and shipping control.

WARTIME FOOD POSITION IN THE UNITED KINGDOM

G. R. PATERSON, ANIMAL PRODUCTS TRADE COMMISSIONER

London, July 4, 1942.—The principal responsibility of the United Kingdom Ministry of Food is to provide sufficient foodstuffs to meet the essential requirements of an adequate diet for the people. It is not enough that plenty of food be made available; what is more important is that the health of the nation should be maintained at a high standard in order that the demands made upon the human system under such abnormal circumstances as are occasioned by long hours of strenuous labour necessitated by increased production efforts, as well as the extraordinary nervous strain of being "in the front line", may be fully met. This has been achieved during the first two years of war. The

health and physical fitness of civilians and of members of the Forces have been exceedingly good.

The necessity of finding alternative sources of supply on account of enemy occupation of important food exporting countries and of obtaining quantities of foodstuffs from sources still available have together presented a difficult problem. Fortunately the dominions and colonies, South America and the United States have been able to make up most of the important losses in European sources of supply. So far as volume and variety of products are concerned, these were better in the last six months of 1941 than during late 1940 and early 1941. In this respect the lend-lease arrangement with the United States was a very important factor.

Shipping losses became dangerously high early in 1941. There was a serious shortage of refrigerator space and, although this will undoubtedly continue to be a serious problem, nevertheless the ships were found in sufficient tonnage not only to meet current needs but also to provide reserves of food during the latter part of the year.

In this connection various experiments were undertaken to determine the feasibility of carrying perishable products in ordinary stowage, supplemented by temporary types of refrigeration or insulation. The results of some of these experiments were most encouraging.

The convoy system was generally employed to cut losses through enemy action. This system increases the average length of a voyage and the consequent risk of damage to perishable cargo through time in transit, in many cases under conditions of unfavourable temperature and imperfect ventilation control.

Many ports in the United Kingdom were subjected to heavy air raids. This disorganized arrivals and unloading schedules. Ports that in normal times received little of certain products were suddenly transformed into congested reception centres for shipping. Facilities and labour were not always adequate or suitable for handling certain cargoes. Notwithstanding all of these difficulties, the time of unloading and turning around of ships was greatly improved during the year.

Arrivals at other than normal ports heavily taxed rail and road transport facilities for initial distribution. Loss of storages and warehouses in port areas and their vulnerability necessitated the dispersal of cargoes to points often far distant. These difficulties added greatly to the general problems of distribution.

Estimated requirements in foodstuffs must take into consideration not only the amount necessary to meet rationing regulations but also adequate supplies for reserves and sufficient to take care of probable losses due enemy action. As most of the supplies of staple foodstuffs are purchased under yearly contracts or agreements, it is apparent that allowance must be made for ample margins of safety.

CONTROL AND DISTRIBUTION

In order to carry out as efficiently as possible, the duties allocated to it, the Ministry of Food has obtained the services of many who in normal times held important places in produce and other food trades. The process of distribution is carried on in much the same way as in peace time, except that the first-hand distributors, i.e. the importers, are grouped together into importers associations and work solely for the Ministry of Food. Price control and rationing policies are the subject of change from time to time, depending on the supply situation.

PRICES OF ANIMAL PRODUCTS

The Government has shown a most determined effort, through the Ministry of Food, to prevent an additional rise in the cost of living resulting from any further increase in the consumer cost of foodstuffs. In order to accomplish this, a considerable subsidy had to be provided by the Treasury to make up

the differences between the original cost to the Ministry of some products and the returns as provided for by the controlled price schedules.

CHANGES IN TYPES AND VARIETIES OF FOODSTUFFS

As has already been clearly indicated, the most important responsibility of the Ministry of Food is to provide an adequate diet. So far this has been accomplished by means of a buying program designed by the Ministry and put into effect after taking into account all the difficulties and problems related to wartime supply. It has been necessary at times to supplement or vary the types of products distributed. As an example, probably the most serious problem confronting the Ministry of Food was the maintenance of an adequate supply of animal protein foods. Approximately 50 per cent of the meat supplies are normally imported, requiring a vast amount of refrigerated shipping space, of which there has been a shortage. Therefore changes have been made in the provision of meat imports by increasing the amount of canned meats obtained from certain of the supplying countries. The possibility of using dried meat has also been investigated, and it is fully expected that some commercial development in this will be undertaken during 1942.

Animal protein supplies have been augmented also by a substantial increase in the amount of cheese that has been imported. New Zealand greatly expanded her output. The United States, although not a normal shipper, also provided a substantial amount under the lend-lease arrangement. An important feature in connection with the American contribution was its shipment in non-refrigerated space. It is expected that the drying of vegetables as well as milk and eggs for importation will be expanded.

Canadian Supplies of Animal Products

BACON

During the pre-war period many countries, principally European, participated in the United Kingdom market for bacon. Ham was imported from the United States and Canada. During 1940 the European and United States exports were cut off; the former through enemy invasion, the latter because of exchange difficulties and the operation of the United States Neutrality Act.

In the immediate pre-war period Canada supplied annually an average of approximately 160,000,000 pounds of bacon and ham, or about 14.5 per cent of the total United Kingdom consumption. Canada's first wartime contract called for the delivery of 291,000,000 pounds, and the quantity shipped was considerably in excess of this figure. The second contract was for 425,600,000 pounds and was completed in October, 1941. The present agreement provides for the shipment of 600,000,000 pounds during the year ending October 31, 1942, and it is confidently expected that this quantity will be forthcoming, although any further expansion may be difficult to achieve.

Canada is now providing approximately two-thirds of the total United Kingdom consumption. The United States, through the lend-lease agreement, has again entered the United Kingdom market and is expected to provide up to 200,000,000 pounds during the first twelve months' period of its participation. Supplies from Eire have almost ceased and home-produced marketings have slumped to less than 20,000 hogs per week for bacon.

The price of Canadian bacon for export has been published, and no comment is necessary except that it is significant that the British authorities, in agreeing to the price structure of the present contract, finally admitted the rather sound principle of "practical" economics that "a business can only expand beyond a certain level of production if and when the prices received by the primary producers are sufficient to meet the costs of production of a substantial percentage of the producers".

So far as the new agreement is concerned, the details are much the same as in the previous arrangements except in the matter of price. The present contract calls for a price structure based on 100s. for 112 pounds f.o.b. Canadian seaboard for top-quality Wiltshire sides. This is an increase of 17s. 6d. per cwt. over the previous average and, although somewhat lower than the existing United States market price when the agreement was concluded, it should, nevertheless, be sufficiently high to ensure the agreed volume being supplied.

The general quality of the Canadian arrivals has been excellent. Packers have improved their butchering, and the uniformly good condition has been productive of much favourable comment. Claims during 1941 were very small in proportion to the quantity shipped, and for the most part were based on defects resulting from the time factor and the difficulties of transportation.

HOG BY-PRODUCTS

Along with the expansion in hog-raising in Canada to fill the wartime needs of the United Kingdom for bacon, there emerged the problem of obtaining a satisfactory outlet for the increased quantities of hog by-products that naturally accompany Wiltshire production. The Ministry of Food has always recognized that they should be prepared to accept, as far as possible, quantities of such products as are complementary to the bacon contract.

Pork Offals.—The purchase of pork livers, pork kidneys and pork tongues has been the subject of agreement between the two Governments since early 1940. During the first period (June to October, 1940), 287 tons per month were shipped at the following f.o.b. Canadian seaboard prices per pound: livers, 9.56 cents; kidneys, 12.14 cents; tongues, 11.07 cents.

The second period extended from November, 1940, to October, 1941, during the first five months of which 360 tons per month were shipped. In the last seven months the quantities were increased to 733 tons per month. The prices during the second period were the same as applied in the first.

Late in 1941 an agreement was reached to ship 625 tons per month during the third year at the following prices per pound, f.o.b. Canadian seaboard: livers, 10.50 cents; kidneys, 12.14 cents; tongues, 11.07 cents. The Ministry of Food intimated, however, that while it was desirous of obtaining all the frozen livers and kidneys available, it preferred to receive only a minimum of frozen tongues. However, if the Bacon Board and the Canadian packers could arrange to tin the tongues, this method of processing would better meet the needs of the Ministry. In view of the probable shortage of tin, resulting from Japan's entry into the war, it was finally agreed that no change should be made in the arrangements.

There were no complaints regarding the quality of these products, and only one or two instances of claims for short weights. In all cases these were negligible and caused no particular concern in the Ministry of Food.

Spiced Ham and Pork Loaf.—After many months of discussion and exchange of ideas on these products, the Ministry finally consented late in 1941 to accept quantities of these products packed in 6-pound tins, 12 tins to a case. The prices agreed upon were 28 cents per pound for ham loaf and 27 cents per pound for pork loaf, f.o.b. Canadian seaboard.

These products will prove useful in connection with the current points rationing scheme and serve as valuable supplements to the somewhat restricted general meat ration. It is too early to predict the outcome of this newly developed business.

Hog Casings.—In 1940 this office asked to arrange for an outlet for hog casings in this market to the extent of the Canadian surplus resulting from the extra hog production and limited markets elsewhere. The original quotas were fixed at 60 tons per month, which were later raised to 75 tons per month, and

in the middle months of 1941 further increased to 1,000 tons per year. Although packing has changed from 300 bundles per tierce pre-war practice to 450-500 bundles per tierce, nevertheless in 1941 the arrivals seemed to be substantially below the licences granted to import. At the close of the year an effort was being made to arrange for purchases through the Bacon Board, thus ensuring that all surpluses available should be sent to the United Kingdom, where they are urgently required.

The price of casings was set by the Ministry of Food, by arrangement with the Importers Association, at 6s. 4d. per bundle ex store United Kingdom. The range of sizes was increased to come within this price. This price should return approximately \$1.35 per bundle f.o.b. Canadian seaboard and has been regarded as reasonably satisfactory in relation to pre-war prices of \$1 to \$1.10 per bundle.

Lard.—Ample supplies of lard have been obtained through the lend-lease arrangement, and in 1941 there was no shortage of fats in the United Kingdom. It is not considered likely that Canada will supply large quantities of this product during 1942.

COMMERCIAL DEHYDRATION OF FOODSTUFFS IN THE UNITED STATES

C. H. WEST, ASSISTANT TRADE COMMISSIONER

New York, August 31, 1942.—In view of the shortage of tin and other containers, the United States Department of Agriculture, in co-operation with the War Production Board and the Army Quartermaster Corps, is endeavouring rapidly to expand the dehydration facilities of this country. These plans were previously reported in *Commercial Intelligence Journal* No. 2003 (June 20, 1942), page 660. In 1940 the nation produced only 6,000,000 pounds of dried vegetables; there was an increase to approximately 15,000,000 pounds in 1941 and it is expected that the volume will be much higher this year as productive capacity improves.

It is reported that the armed forces of the United States plan to purchase millions of pounds of dehydrated vegetables during 1942. These will mainly comprise potatoes, cabbages, onions, carrots, sweet potatoes, beets and rutabagas. Furthermore, up to the end of May, 1942, approximately 2,000,000 pounds of dehydrated vegetables had been purchased for lend-lease purposes and, with increased production, additional large quantities will be bought for disposal under this scheme. To date lend-lease purchases have largely represented dairy and poultry products, mostly dried skim and whole milk and dried eggs.

In this connection it has just been announced that purchases by the Department of Agriculture in July for United Nations military services and other war-time needs included 80,000 pounds of dehydrated beef, 1,600,000 pounds of dehydrated potatoes valued at \$459,175; 29,136,545 pounds of dry skim milk at \$3,587,291, and 13,800,925 pounds of dried eggs at \$14,341,217. According to official reports, the beef purchase marks the beginning of a meat dehydration program designed to increase capacity to 60,000,000 pounds annually by the end of October.

WARTIME SIGNIFICANCE

Dehydration of food products is of particular importance during wartime because of the great saving in shipping space that is thereby effected and because, on account of their small bulk, such goods may be handled more easily on their arrival at foreign ports. In addition much of the tin normally required for packaging is saved.

Dehydrated foods occupy an average of only one-fourth the space (containers and all) occupied by the non-dehydrated product and weigh only a

fourth or a fifth as much. This is exemplified in the case of dehydrated beef. During the war of 1914-18 ten ships with refrigerated holds carrying fresh beef sides and quarters were required to transport the same amount of meat as has been going abroad as packaged boneless beef in 3.7 refrigerated ships. Dehydrating the same amount of beef permits of it all being packed in tins, requiring no refrigeration, so that the former ten shiploads are reduced to 1.6 shiploads. Still greater conservation of shipping space is possible by compressed packing of the dehydrated product. Thus, by this method a single ship will carry as much as ten ships a quarter century ago.

DEVELOPMENT OF DEHYDRATION

During the first World War 8,905,158 pounds of dehydrated vegetables were shipped to the United States army overseas, but 6,437,000 pounds of this were potatoes, and soup mixtures accounted for another 1,860,000 pounds. However, the methods developed and the results achieved through scientific research at that time are still available, and the United States was in an advantageous position when commercial dehydration was undertaken in this war. Fundamental research in this field is now being carried on jointly by the Bureau of Agriculture Chemistry and Engineering, Animal Industry, Dairy Industry and Home Economics, and practical advice and guidance are being given commercial plants by government specialists.

Following is a summary of developments in the treatment of various food products by dehydration, as reported by the United States Department of Agriculture:

FRUITS AND VEGETABLES

Pretreatment is necessary to produce dehydrated foods of good appearance and keeping quality from light-coloured fruits and vegetables. In the United States steam is used almost exclusively as a processing or blanching agent for vegetables. This stops all ferments or life processes. Light-coloured fruits are usually sulphured before dehydrating.

Dehydrated vegetables for the armed forces and lend-lease purposes are usually packaged in 5-gallon tins with press-in lids which are spot-soldered on. For some products, such as carrots and cabbage, it is considered necessary to render them inert by replacing the air in the containers with nitrogen or carbon dioxide.

The yield of most dehydrated fruits and berries averages about 15 per cent of the fresh unprepared product.

SOUPS

More than 6,000,000 pounds of dehydrated soup and over 500,000 pounds of dehydrated tomato flakes have been bought for lend-lease purposes. Much of this is manufactured by spraying cooked and pulped vegetables on hot revolving drums, where the water quickly evaporates.

APPLES

Considerable quantities of dehydrated, as distinguished from dried, apples are now being produced commercially in the United States and bought by the Army. The dehydrated product is superior in flavour to dried fruit, it keeps well and does not go sour. It weighs only one-seventh as much as raw apples and is packed in airproof 5-gallon black-metal cans. With the exception of lemons, dehydrated apple is the only dehydrated fruit being purchased by the Army.

EGGS

The egg-drying industry is outstanding in the dehydrated food field. Purchases for lend-lease purposes totalled 157,000,000 pounds of dried eggs from

April 15, 1941, to May 1, 1942, and purchases to the end of 1942 will probably total 200,000,000 pounds. Throughout the United States approximately eighty drying plants are now operating. Their annual capacity is 285,000,000 pounds and total production in 1942 is estimated at 300,000,000 pounds.

Originally the dried eggs were packaged in 300-pound drums, but small moisture- and vapour-proof packages have been found more suitable. Such a 5-ounce package is equivalent to a dozen shell eggs.

Three general methods of drying eggs are used: the spray, tray, and belt processes. Before using any of the methods, the eggs are broken, strained and emulsified.

Apart from culinary uses, dried eggs are used for many industrial purposes, including sizing, glazing, as pigments for special varnishes, in the emulsification of certain pharmaceutical products, the clarification of wine and beer, and in lithographing and photo-engraving.

MILK

Originally evaporated or condensed milk was purchased heavily for lend-lease shipments. However, on the basis of food value, one ship will carry as much in the form of powdered milk as four ships will carry of evaporated milk, and consequently there is a demand for the former. The spray process powder is preferable because it converts more naturally.

More than 209,000,000 pounds of dry skim milk were bought in the period from March, 1941, through June, 1942, but three-fourths of it was roller-processed. The 1942 production objective of dry skim milk for human consumption is 569,000,000 pounds; on an annual basis the rate of production in April last was 575,000,000 pounds.

In addition, substantial quantities of dried whole milk powder are now being purchased. At first this product did not keep well, but scientists solved the problem of protecting the milk fat or butter fat from rancidity and also from oxidizing agents.

MEAT

A process for the successful dehydration of meat has not yet been fully perfected, but an excellent product already has been turned out and, as noted above, an initial order for dehydrated beef has been placed by the United States Government.

Chicago packers who obtained this order intend to patent their process, but they will make it available during the war to other companies that have proper equipment. The outstanding principle of this process is that it is a continuous operation involving precooking of cubed fresh beef at relatively low temperatures, immediately followed by grinding and slow drying. Temperatures are controlled throughout the operation and are sufficiently low to permit of further cooking of the dehydrated product in preparation for table use. After drying, the product is hermetically sealed in tin containers for export. The same principles are said to be generally applicable to dehydration of pork. Dehydrated meat contains more than 55 per cent protein, as well as other food values.

BUTTER AND CHEESE

Butter and cheese also have been dehydrated successfully. The former can be used directly for cooking or be converted again into butter by the addition of water and salt. Dehydrated cheese comes in the form of a flour. The United States Government is not at present buying either of these products.

LOCATION OF DEHYDRATING PLANTS

To date the greatest concentration of vegetable dehydration plants has been in California, but they are being extended into Idaho, Colorado, Washington and Oregon, as well as into some eastern states, particularly New York and Maine, and into Texas in the south.

The largest number of egg-drying plants are in the Mid-West on a line running north from the east-centre of Texas up through the grain belt. There are a number along the Mississippi Valley and some are also operating in the poultry regions of Washington and Oregon on the west coast and as far east as Pennsylvania and New York.

Dried milk production, as would be expected, centres in the major dairy areas of Minnesota and Wisconsin, Michigan and other lake states and in the great eastern milk-shed—New York, Pennsylvania and Vermont—as well as in the far west.

CONVERSION OF CANNERIES

Due to the shortage of tin, which is retarding normal packing operations, many canners have planned to convert part of their plant capacity to the dehydration of certain products during the war years. A prominent British scientist recently predicted that the dehydration of foodstuffs will become as important as the canning industry has been during the last thirty years.

SUGAR PRODUCTION IN AUSTRALIA

K. F. NOBLE, ASSISTANT TRADE COMMISSIONER

Sydney, July 1, 1942.—The production of sugar-cane in Australia, particularly in Queensland, which is the centre of the sugar-cane growing area, has increased steadily in every year from 1926 to 1939 when a total of 928,000 tons of 94 net titre sugar passed through the hands of the Sugar Board.

In the statistical table herewith the prices are gross mill returns on raw sugar when delivered at the nearest port:—

	Average 1926-28	1937	1939	1940	1941
		Figures in 1,000 Tons			
Quantities	487	810	928	806	745
Percentage exported	29.4	54.9	58.7	50.4	44.0
		Figures in Pounds Australian			
Domestic price per ton	26.64	24.00	23.63	23.05	22.35
Export price	11.91	8.30	10.38	11.28	10.83
Average price	22.30	15.32	15.76	17.13	17.31
		Figures in £1,000 Australian			
Total value of purchases	10,876	12,451	14,737	13,818	12,894
		Figures in 1,000 Tons			
"Excess" sugar . . . . .	...	184	169	59	1

The substantial decline in production recorded in 1940, after the peak year 1939, was continued into 1941 and will still be in evidence when the 1942 figures are available. Of the total output of 745,000 tons during 1941, which represented a decrease in production of 20 per cent in two years, Queensland supplied 697,000 tons, while of the total value of £A12,900,000, this state is credited with £A12,100,000, a decrease of £A2,000,000 in two years.

The peak quotas, aggregating 737,000 tons of 94 net titre sugar, remained unchanged during 1941, but the penalty clause attaching to "extra" sugar beyond that quantity permissible under production quotas did not apply. There was, however, an almost total absence of "excess" sugar in that year which, coupled with the smaller proportion for export, resulted in the highest average price since 1932.

Wage rates and other production costs were substantially the same in 1927 and 1940, but in the latter year the industry operated on a Sugar Board price of £17 2s. 8d. per ton, as compared with £22 0s. 4d. during the earlier year.

Harvesting of cane is the most important of Queensland's seasonal activities and normally employs a large temporary labour force supplied by the Italian settlements whose manpower has been interned. Alternate labour power has become scarce owing to the heavy demands of the military forces

and the wartime industries, but full attention is being given to the matter, and already the Services have made provision for the temporary release of experienced manpower during the cutting season.

In the 1942 season widespread late autumn rains were of major importance in preventing drought conditions from developing throughout large areas in Queensland and New South Wales, which, followed by milder weather, has materially increased cane production. Labour and transportation problems will cause a further restriction in production which, although not as yet fully determined, will represent a decline of at least 100,000 tons from the 1941 total.

GAELTACHT INDUSTRIES OF IRELAND

E. L. MCCOLL, CANADIAN TRADE COMMISSIONER

Dublin, August 9, 1942.—The Gaeltacht, or Irish-speaking part of Eire, extends along the rugged west coast from Kerry in the south to Donegal in the north. The people are traditionally skilled in the craftsmanship of weaving, knitting and fine handiwork, but the main industry is agriculture.

To supplement their inadequate incomes, many of the menfolk work at hand-loom, weaving with skill and dexterity the tweeds for which the west coast is noted. The women knit pullovers, socks and other outer garments and crochet gloves. Produced in many varieties of colour, pattern and texture, these knitted garments and hand-woven tweeds and carpets embody all the skill and beauty of which a people, inherently artistic and industrious, are capable. The goods have world-wide demand, as they are durable, attractive and fashionable.

GAELTARRA EIREANN

Most of this local talent now has the protection and support of the Gaeltacht Services Branch of the Department of Lands, Dublin. A subdivision, Gaeltarra Eireann, has direct charge of the production and sale of woollen apparel made in the west coast country. Collection depots are operating in many districts, and from these, yarns are given out to the cottagers. The finished article is brought to the local station, and the worker is paid for it. A few urban merchants are in some places in competition with the Government, but any firm that puts capital into this area and employs labour is given official encouragement. Gaeltarra Eireann has, however, located its centres in the more remote parts, where only Irish is spoken and where, due to lack of transport facilities, power and other public utilities, private enterprise would not be expected to succeed.

THE CENTRE AND ITS PERSONNEL

In order to standardize quality and stimulate production, small factories, called "centres," each with ten to twelve hand-knitting machines, have been set up in some score of villages. The workers are women, one of whom in each locality has been selected as manageress. Those chosen, although already experts in knitting, are brought to Dublin to undergo a course of training. They are given instruction in designing and salesmanship and become familiar with the requirements of foreign buyers. They learn the sources and qualities of raw materials, obtain a knowledge of the machines used by their competitors, and study overhead costing.

One employee is assigned to each of the ten or twelve machines of a centre. Some look for and mark faults, and others are engaged in mending, seaming, finishing, pressing, packing, despatching, and keeping records. The machines are hand-driven, because in most of the outlying villages of the west no power is available. At one of the centres, Lettermore, a number of workers use the flat-knitting machines in their own homes. At Gorumna, where socks are

made, machines additional to those installed at the centres are distributed among home workers.

MACHINE KNITTING

Pullovers, cardigans and other wearing apparel, except stockings, socks, and gloves, are made by flat-knitting hand-power machines obtained from a Swiss manufacturer. They are the latest ball-bearing Dux model and produce almost any required design. Small, circular hand machines are used for half-hose. Many of this type are supplied by the Government to the cottagers, who install them in their homes on the hire-purchase basis. This equipment is not in constant use, since for many workers knitting is a part-time occupation.

HAND-WOVEN TWEEDS

The Gaeltarra tweeds of the west coast come principally from the hand looms in the cottages situated in the valleys of the Donegal Highlands. At the Kilcar centre one hundred and twenty workers are provided with ready-made warps. These are put into a sack bearing the weaver's name, together with the required quantity of yarn for the weft and an instruction card giving all the details of the design selected. These sacks are taken home, where the web is woven. The cloth is returned to the centre and subjected to careful examination for faults in design and workmanship. When the fabric is finally conditioned and has passed inspection, it is despatched to the finishers in Dublin, where it is scoured and shrunk by the London process. From there it is delivered to the Central Marketing Depot, Dublin, the headquarters of Gaeltarra Eireann.

HAND KNITTING

An appreciable amount of hand-knitting merchandise is made up from specifications suggested by buyers. Fairisle designs, in the case of pullovers, are popular. Orders are sent by the Central Marketing Depot to the manageress in the locality where each type is produced. These hand-knitted garments vary from attractive jumpers and jackets of intricate patterns and contrasting colours to fully-fashioned cardigans and other varieties of men's, women's and children's outerwear. They are marketed by the Gaeltarra Eireann under the brand "Round Tower".

GLOVES

Glove-knitting and crocheting are both a factory and a cottage industry. Through the efforts of the Government, which include the establishment of numerous new centres, it has been possible, despite many difficulties, to produce thousands of dozens of gloves a year. Key employees have been brought to Dublin and trained under the supervision of efficient designers. They have been instructed in the minor details of manufacture, in order that faults which occur readily in hand-made goods may be eliminated from the articles produced. In the development of this industry to large-scale production Gaeltarra Eireann obtained the assistance of an English company which, through long experience in world markets and by personal supervision, has brought Gaeltacht gloves to a high standard of perfection.

Designs and types which hitherto had been manufactured in continental countries only are produced with speed and efficiency. Quality and artistic finish are quite equal to the best produced in France or Czechoslovakia, where trained labour for this particular kind of work has been available for centuries. Within a short period hundreds of workers were trained to make such goods in large quantities. The finish of the gloves turned out is such as to create a demand for styles which, although based on those formerly produced in continental countries, would leave ample scope for typically Irish designs. This distinctive feature met with a favourable reception by the trade, and there is at present a strong market demand for these gloves. It is expected that competition

will be encountered in the post-war period, when former suppliers will again be producing. This undertaking differs, therefore, from many similar enterprises which very frequently tend to pattern their products after the continental types. A complete range of samples, incorporating the latest designs, is on display in London, New York, Cape Town, Melbourne and other foreign centres.

To meet seasonal demand two ranges of crocheted gloves are made. The summer type is manufactured from a cotton, rayon or artificial silk yarn, while three-ply and four-ply wool fingering is used for the winter styles. Experiments are now being carried out with homespun, as distinct from machine-made yarns; the gloves produced are warmer and have a fabric effect resembling that of hand-woven tweeds.

Government officials believe that this part-time home industry will continue to flourish when conditions become normal, as the knitting and crocheting are done in spare time and therefore do not interfere with the basic work of the operatives.

EMBROIDERY AND LACE

In no range of Gaeltacht products is the inherent aptitude of the workers for attractive design and skilled craftsmanship more apparent than in products of embroidery and lace. These come from a few small communities that specialize in their manufacture. Two prominent centres are Cliffoney, Co. Sligo, and Brucklase, Co. Donegal. The embroidery is confined to handkerchiefs, table linen and church vestments. The export of embroidered linen, however, is now prohibited.

Toys

Before the outbreak of war, toy-making was a flourishing industry in Central Europe, but despite its modern character and importance, it maintained its rural background, much of the work being done at home by peasants. Prompted by this example, the Eire Government, in conjunction with the County Mayo Vocational Education Committee, began to train workers in the manufacture of wooden and soft toys. A factory was opened at Elly Bay, Erris Peninsula, Co. Mayo. The goods produced met with a highly satisfactory reception from the trade, sales amounting in value to £30,000 a year. Another factory was opened later at Crolly, Co. Donegal. Owing to the present difficulty in obtaining suitable raw materials and additional machinery, the manufacture of wooden toys has been discontinued. All the parts of soft toys, with the exception of heads and masks for dolls, are made locally. Canadian-made heads of hard composition are of high quality and give greater satisfaction than those of porcelain, which are obtained elsewhere. The value of orders sent to Canada amounted to many thousands of dollars and was limited in size only by transportation difficulties. One hundred operatives are employed at the Elly factory and about fifty at Crolly.

FIRST OFFICIAL ESTIMATE OF ARGENTINE GRAIN CROPS, 1942-43

Mr. W. B. McCullough, Assistant Canadian Commercial Attaché, at Buenos Aires, reports that the first official estimate of the grain crop acreage in Argentina for 1942-43 was announced by the Argentine Department of Agriculture on August 26. According to this estimate, the total area seeded to grains and cereals for the next crop year (1942-43) is 3,462,940 acres, or 10·3 per cent less than for 1941-42. The area sown to wheat is estimated at 15,808,000 acres, about 2,223,000 acres, or 12·3 per cent, less than last year. The chief factor in reducing grain acreages is the drought conditions that prevailed throughout the grain zones at ploughing and sowing times, particu-

larly in the southwestern zone. Improved moisture conditions would make it possible to increase the sowings to brewery barley.

Comparative figures of acreages sown in recent years are shown in the following table:—

Argentine Crop Acreages

	1942-43	1941-42	1940-41	1939-40	10-year Average
Wheat	15,808,000	18,031,000	17,499,456	17,825,491	18,705,001
Linseed	6,088,550	6,743,100	7,100,262	7,596,475	7,300,749
Oats	3,317,210	3,517,280	3,941,132	3,444,758	3,603,048
Barley	1,845,090	1,971,060	2,144,701	2,120,631	1,897,326
Rye	2,410,720	2,660,190	3,325,608	2,294,754	2,405,933
Birdseed	123,500	133,380	145,730	125,343	133,592

TARIFF CHANGES AND TRADE REGULATIONS

New Zealand

GOODS FOR VISITING TROOPS EXEMPT FROM DUTY AND SALES TAX

By the New Zealand "Customs (Visiting Forces) Emergency Regulations 1942", made by Order in Council on May 20, 1942, goods imported for consumption by or on behalf of, and for the exclusive use of, the armed forces of any friendly power, as proclaimed by the Governor General, may be entered free of all customs duties and exempt from sales tax. Sales of goods in New Zealand by licensed wholesalers or licensed manufacturing retailers for the exclusive use of the armed forces of any such power also may be exempt from sales tax. All such exemptions shall be subject to conditions from time to time imposed, amended, or withdrawn. By proclamation of the same date, these regulations were made applicable to the armed forces of the United States.

British Guiana

PROHIBITION AGAINST IMPORT OF COCOA POWDER FROM NORTH AMERICA REMOVED

A notice was issued by Mr. W. A. Macnie, Controller of Commodities, British Guiana, announcing that the prohibition against the importation of cocoa powder from North America had been removed and that the issue of licences would be resumed as from September 3, 1942. The notice states that priority of shipping space will not be requested for this commodity.

Grenada

TARIFF REDUCED ON CHEAPER COTTON PIECE-GOODS

An Ordinance of Grenada (British West Indies) issued on July 25, 1942, fixed the rates of duty on cotton piece-goods valued at 2 shillings and under per yard at 5 per cent ad valorem under the British preferential tariff and 7½ per cent ad valorem under the general tariff, and on piece-goods over 2 shillings per yard at 15 per cent and 22½ per cent ad valorem under the respective tariffs. Formerly, cotton piece-goods valued at 1 shilling and under per yard were dutiable at 10 per cent ad valorem under the British preferential tariff and 15 per cent ad valorem under the general tariff, and such goods valued at over 1 shilling per yard at 15 per cent and 22½ per cent under respective tariffs. Canadian goods accompanied by the prescribed certificate of origin enter Grenada at British preferential tariff rates.

British Honduras

VALUATION OF GOODS FOR DUTY PURPOSES

A minor amendment to the statutory definition of the basis on which ad valorem duties are levied in British Honduras was made by an Ordinance of July 18, 1942. It restored to the list of charges excluded from dutiable value "any duties of customs". This item had been deleted when the law was amended in 1941. The amended definition of value is as follows:—

1. The value of any imported goods, for the purpose of ascertaining the amount of the ad valorem duty payable thereon shall be the price which an importer would give for the article on a purchase in the open market if the goods were delivered to him at the port of importation, freight, insurance, commission and all other costs, charges and expenses incidental to the purchase and delivery at that port (except any internal tax levied in the country of export and except any duties of customs) having been paid, and duty shall be paid on that value as fixed by the Collector of Customs: provided that buying commission shall be excluded only to the extent by which it exceeds 5 per centum of the amount on which such commission is calculated: and provided also that where primage charges are included in any Bill of Lading, if the Collector is satisfied that a refund of the whole or any portion thereof will be granted at a subsequent date, he shall deduct such charges or portion thereof from the total value upon which duty is leviable.

2. The value shall include the value of all packages, receptacles, coverings, wrappings or other packing material, and all charges made in respect of packing and preparing the article for shipment.

Subsection 3 states that the Collector of Customs may have regard not only to the value of the goods as declared by an importer but to all relevant considerations and in particular to the price being paid by other importers for goods of the like class and quality. If such price cannot be ascertained to the satisfaction of the Collector of Customs, there is provision for resorting to the price at which the goods are freely offered for sale in the Colony with allowance in respect of duties, reasonable merchandising expenses and profits after importation.

Newfoundland

NET WEIGHT REGULATIONS FOR POTATOES

A Newfoundland Notice, gazetted on September 1, 1942, alters regulations gazetted September 3, 1940, respecting the marking of net weight on Grade 1 potatoes produced in Newfoundland and sold in containers of 90 pounds or more. Formerly such potatoes could not be sold other than in sacks of 90 pounds or in barrels of 180 pounds. The new regulation repeals the foregoing one and permits Grade 1 potatoes to be sold in sack, barrel, or other container when the net weight of the potatoes is stated on a tag affixed to the container.

Egypt

SPECIFIC DUTIES INCREASED

Mr. Richard Grew, Canadian Trade Commissioner at Cairo, writes that by an Egyptian Royal Decree, effective August 18, the increase of 50 per cent in specific duties reported in *Commercial Intelligence Journal* No. 1974 (November 29, 1941), page 641, has been further raised to 75 per cent.

United States

ASCERTAINMENT OF UNITED STATES VALUE FOR DUTY

Certain questions having arisen in connection with the method of ascertaining United States value for duty purposes, a concrete example is given in United States Treasury Decision 50709, published on August 27, to illustrate

the views of the Treasury Department on the procedure and computations necessary in arriving at the value of imported merchandise under the provisions of Section 402 (e) of the Tariff Act of 1930. This section provides that United States value is resorted to if the appraiser determines that neither "foreign value" nor "export value" can be satisfactorily ascertained.

In the example given, appraising officers are instructed to assume that certain non-competitive dyes classifiable under paragraph 28 of the Tariff Act of 1930 were exported from Switzerland on September 15, 1939, and that the "such or similar imported merchandise," which Section 402 (e) contemplates shall be taken as the standard of comparison, was secured by purchase or agreement to purchase and was selling at New York (the principal market) on such date, in the usual wholesale quantities, etc., at \$1.45 per pound, less 2 per cent cash discount, packed ready for delivery. This price includes the various items for which Section 402 (e) provides that allowance shall be made. Deducting the cash discount of 2 per cent, leaves a net selling price of \$1.42 per pound. There is a maximum allowance of 8 per cent for profit and 8 per cent for general expenses. Taking 84 per cent of \$1.42 gives \$1.19. The costs of transportation, insurance, and other necessary expenses from the place of shipment in Switzerland to New York (the place of delivery) are assumed to be 3 cents. Deducting this from \$1.19 leaves \$1.16. This includes the dutiable value and the duty.

The amount to be deducted as duty in each case will be governed by the amount of duty actually paid on the article used as the basis for computation. In the case used for purposes of illustration it is assumed that the "such or similar imported merchandise" taken as the standard of comparison was assessed at the time of importation with total duties of 41 cents per pound. Deducting 41 cents from \$1.16 leaves 75 cents as the United States value per pound of the merchandise under appraisalment.

If the merchandise taken as the standard of comparison was secured otherwise than by purchase or agreement to purchase, the appraising officer is to ascertain the amount of commission paid or contracted to be paid and, in the calculation of United States value, will allow an amount not to exceed 6 per cent of the net selling price in lieu of the 8 per cent profit and 8 per cent general expenses. The transportation costs and duty are ascertained in the same manner as on purchased goods.

If the merchandise taken as the standard of comparison was imported in immediate containers or outer containers of American manufacture, the cost of such American-made containers shall be deducted from the selling price of the "such or similar imported merchandise" in the calculation of United States value.

Appraising officers are to ascertain in the usual way, through the Customs Agency Service or otherwise, the facts necessary to be used in these computations.

Argentina

LEGALIZATION OF INVOICES

Mr. Saúl Aguilar, Consul General of Argentina in Montreal, writes that it has come to his knowledge that some Canadian exporters, when making shipments to Argentina in transit through United States ports, have their consular and commercial invoices legalized by the Argentine Consulate General in New York. It is pointed out by the Consul General that, when the merchandise is of Canadian origin, this procedure is contrary to the regulations and that the documents must be legalized by Argentine Consulates in Canada. These are located in Montreal, P.Q.; Quebec, P.Q.; Saint John, N.B.; and Vancouver, B.C.

Canadian Trade Commissioners should be kept supplied with catalogues, price lists, discount rates, etc., and the names and addresses of trade representatives by Canadian exporters. Catalogue should state whether prices are at factory point, f.o.b. at port of shipment, or, which is preferable, c.i.f. at foreign port.

The Canadian Government Trade Commissioners at the present time are using Bentley's Second Phrase Code.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING SEPT. 14, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, September 14, 1942, and for the week ending Tuesday, September 8, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Sept. 8	Nominal Quotations in Montreal Week ending Sept. 14	Official Bank Rate
Great Britain.	Pound	4.8666			
		Buying	\$4.4300	\$4.4300	2
		Selling	4.4700	4.4700	—
United States.	Dollar	1.0000			
		Buying	1.1000	1.1000	1
		Selling	1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
		Bid	4.4200	4.4200	—
		Offer	4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
		Official	.3304	.3304	3½
		Free	.2625	.2633	—
Brazil.	Milreis (Paper)	.1196			
		Official	.0673	.0673	—
		Free	.0571	.0571	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
		Official	.0574	.0574	3-4½
		Export	.0444	.0444	—
Colombia.	Peso	.9733	.6334	.6334	4
Venezuela	Bolivar	.1930			
		Official	.3313	.3313	—
		Free	.3336	.3330	—
Uruguay.	Peso	1.0342			
		Controlled	.7307	.7307	—
		Uncontrolled	.5852	.5852	—
South Africa.	Pound	4.8666			
		Bid	4.3862	4.3862	3
		Offer	4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
		Bid	4.5380	4.5380	—
		Offer	4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
		Bid	3.5300	3.5300	3
		Offer	3.5760	3.5760	—
New Zealand.	Pound	4.8666			
		Bid	3.5440	3.5440	1½
		Offer	3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

C. H. PAYNE, *Director*

Argentina

J. A. STRONG, Commercial Attaché, Bartolome Mitre 478, Buenos Aires (1). (Territory includes Uruguay.) *Cable address, Canadian.*

Australia

Sydney: L. M. COSGRAVE. Address for letters—P.O. Box No. 3952V. Office—City Mutual Life Building, Hunter and Bligh Streets. (Territory includes the Australian Capital Territory, New South Wales, Queensland, Northern Territory and Dependencies.) *Cable address, Canadian.*

Melbourne: FREDERICK PALMER, 44 Queen Street, Melbourne, C.I. (Territory includes States of Victoria, South Australia, Western Australia, and Tasmania.) *Cable address, Canadian.*

Brazil

L. S. GLASS, Commercial Attaché. Address for letters—Caixa Postal 2164, Rio de Janeiro. Office—Ed. "Brasilia," Sala 1110, Av. Rio Branco 311. *Cable address, Canadian.*

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PAUL SYKES. Address for letters—P.O. Box 886, Bombay. Office—Gresham Assurance House, Mint Road, Bombay. (Territory includes Burma and Ceylon.) *Cable address, Canadian.*

British West Indies

Trinidad: G. A. NEWMAN. Address for letters—P.O. Box 125, Port of Spain. Office—Colonial Life Insurance Building. (Territory includes Barbados, Windward and Leeward Islands, and British Guiana.) *Cable address, Canadian.*

Jamaica: F. W. FRASER, P.O. Box 225, Kingston. Office—Canadian Bank of Commerce Chambers. (Territory includes the Bahamas and British Honduras.) *Cable address, Canadian.*

Chile

M. J. VECHSLER. Address for letters—Casilla 771, Santiago. (Territory includes Bolivia.) *Cable address, Canadian.*

Cuba

J. L. MUTTER. Address for letters—Apartado 1945, Havana. Office—Royal Bank of Canada Building, Calle Aguiar 367, Havana. (Territory includes Haiti, the Dominican Republic, and Puerto Rico.) *Cable address, Canadian.*

Egypt

RICHARD GREW. Address for letters—P.O. Box 1770, Cairo. Office—22 Shari Kasr el Nil, Cairo. (Territory includes the Sudan, Palestine, Cyprus, Iraq, Syria, Iran and Turkey.) *Cable address, Canadian.*

Ireland

E. L. McCOLL, 66 Upper O'Connell Street, Dublin, Ireland (*cable address, Canadian*); and 36 Victoria Square, Belfast, Northern Ireland.

Mexico

C. S. BISSETT. Address for letters—Apartado Num. 126-Bis, Mexico City. Office—Edificio Banco de Londres y Mexico. Num. 30, Mexico City. (Territory includes Guatemala, Honduras, and Salvador.) *Cable address, Canadian.*

Newfoundland

R. P. BOWER, Acting Trade Commissioner, Circular Road, St. John's. *Cable address, Canadian.*

CANADIAN GOVERNMENT TRADE COMMISSIONERS—*Con.*

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C. B. BIRKETT, Acting Trade Commissioner. Address for letters—P.O. Box 33, Auckland. Office—Yorkshire House, Shortland Street, Auckland. (Territory includes Fiji and Western Samoa.) *Cable address, Canadian.*

Panama

H. W. BRIGHTON. Address for letters—P.O. Box 222, Panama City. Office—98 Central Avenue, Panama City. (Territory includes the Canal Zone, Venezuela, Colombia, Nicaragua, Costa Rica, and the Netherlands West Indies). *Cable address, Canadian.*

Peru

W. G. STARK, Acting Trade Commissioner. Address for letters—Casilla 1212, Lima. Office—Edificio Boza, Carabaya 831, Plaza San Martin, Lima. (Territory includes Ecuador.) *Cable address, Canadian.*

South Africa

Cape Town: J. C. MACGILLIVRAY. Address for letters—P.O. Box 683. Office—New South African Mutual Buildings, 21 Parliament Street. (Territory includes Cape Province and Southwest Africa, Natal, Tanganyika, Kenya, Uganda, Mauritius, Madagascar and Angola.) *Cable address, Cantracom.*

Johannesburg: H. L. BROWN, Acting Trade Commissioner. Address for letters—P.O. Box 715. Mutual Buildings, Harrison Street. (Territory includes Transvaal, Orange Free State, the Rhodesias, Mozambique or Portuguese East Africa, Nyasaland and the Belgian Congo.) *Cable address, Cantracom.*

United Kingdom

London: FREDERIC HUDD, Chief Trade Commissioner in the United Kingdom, Canada House, Trafalgar Square, S.W.1. *Cable address, Sleighing, London.*

London: J. A. LANGLEY, Trade Commissioner, Canada House, Trafalgar Square, S.W.1. (Territory includes Home Counties, Southeastern Counties, and East Anglia; also British West Africa.) *Cable address, Sleighing, London.*

London: W. B. GORNALL, Fruit Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Canfrucum.*

London: G. R. PATERSON, Animal Products Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Agrilson.*

Liverpool: A. E. BRYAN, Martins Bank Building, Water Street. (Territory includes North of England, Lincolnshire, North Midlands, and North Wales.) *Cable address, Canadian.*

Bristol: JAMES CORMACK, Northcliffe House, Colston Avenue. (Territory includes West of England, South Wales, and South Midlands). *Cable address, Canadian.*

Glasgow: G. B. JOHNSON, 200 St. Vincent Street. (Territory covers Scotland.) *Cable address, Cantracom.*

United States

Washington: H. A. SCOTT, Commercial Attaché. Office—Canadian Legation.

New York City: D. S. COLE, British Empire Building, Rockefeller Center. (Territory includes Bermuda.) *Cable address, Cantracom.*

Chicago: M. B. PALMER, Tribune Tower, 435 North Michigan Avenue. *Cable address Canadian.*

Los Angeles: T. J. MONTY, Acting Trade Commissioner, Associated Realty Building, 510 West Sixth Street. *Cable address, Canadian.*

Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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MARKET CONDITIONS FOR SEED POTATOES IN ARGENTINA

W. B. McCULLOUGH, ASSISTANT COMMERCIAL ATTACHÉ

Buenos Aires, September 8, 1942.—Argentina had a record production of both table and seed potatoes from last year's crop, estimated at 51.4 million bushels as compared with some 38.6 million bushels in 1940-41 and 39.3 million bushels in 1939-40. The total area planted in 1941-42 amounted to 587,500 acres as compared with the five-year average of 416,240 acres. The rainfall throughout the Republic was less than normal, the heavy production being due to the large acreage planted and to the fact that there was no crop failure in any zone. The highest yields were obtained in the Río Negro (irrigated) and parts of Balcarce zones.

It is estimated by the Seed Potato Certification Service that the production of graded certified seed is about one million 60-kilo sacks (2,204,400 bushels). This amount is largely made up from first- and second-generation Katahdin seed obtained originally from Canada. Of a total of about 4,000 acres planted with imported Canadian seed in the past season, 3,582 acres were planted in the seed zones and certified.

After allowing for Argentine exports of certified seed (mostly to Uruguay last July) and adding that portion of imported seed which was not planted in the certified seed zones, Argentina has, theoretically, about 2,121,500 bushels of good seed available for planting the next crop, which would represent about 24 per cent of requirements based on the 1941-42 acreage. It is estimated that not over 15 per cent of the certified seed would be sold for table stock, and this would be offset by the plantings of over-size and under-size potatoes from certified seed.

FACTORS AFFECTING THE MARKET

During the winter months (July and August) the weather was colder than usual and for longer periods. These conditions were very favourable for stored potatoes, and so far practically no sprouting has occurred.

The movement of certified seed from Balcarce zone to Salta and Jujuy zones for planting in August has been normal. Growers in Mendoza zone are now purchasing seed from Balcarce for planting in September, and indications are that this movement of seed to this zone and to the Río Negro zone will be normal also. The price of domestic certified seed is about 20 per cent less than the c.i.f. prices of Canadian seed imported before the war.

The supplies of table stock at the National Potato Market are plentiful, prices continue low and since last week have been down to 3 pesos per 60 kilos. This is about 25 per cent below what is considered a bottom price for table potatoes.

At present little interest is being shown by the trade in imported seed potatoes. Many growers and buyers, as well as some agricultural officials, express the view that Argentina does not really need to import seed potatoes this year, because there is a good supply of certified seed available as well as adequate supplies of table stock potatoes that can be used for planting. On the other hand, a few who take the longer view maintain that Argentina should import a quantity of seed to serve as foundation stock, and so be in a position to supply Uruguay with first-generation seed for its main planting in July-September. However, they do not consider that the situation would warrant action by the Government to import seed this year. In recent years Uruguay has been Argentina's best customer for both seed and table-stock potatoes. The demand in Uruguay is for first-generation seed, although when there is a significant difference between the prices of first- and second-generation seed, they fill some of their requirements from the latter grade. Uruguay purchased about 286,000 bushels of Argentine certified seed, mostly first-generation, for their July-September planting this season.

Provided shipping space is available the amount of imported seed that can be disposed of in this market this season will largely depend on the c.i.f. quotations. If the price is about the same as last year, purchases would likely be about the same amount in the fall of 1941.

SEED POTATO SITUATION IN URUGUAY

W. B. McCULLOUGH, ASSISTANT COMMERCIAL ATTACHÉ

Buenos Aires, September 8, 1942.—Due to prolonged drought conditions and high temperature during the planting and early growing seasons, Uruguay had a relatively poor potato yield from the second crop, planted in January. In many fields the cut sets rotted after planting, while those fields planted with whole seed gave satisfactory results. It is for this reason that Uruguay prefers a large percentage of the small-size grade.

For the current main crop, planted in August-September, Uruguay purchased about 286,000 bushels of Argentine certified seed, mostly first-generation from Canada, as compared with 202,437 bushels last year. Uruguay took advantage of the low prices in Argentina to ensure having some seed supplies for the January planting in case imported seed is not available; the small-size seed from this crop will be used for planting in January. As a rule this procedure is not entirely satisfactory, due to the short dormancy period. Therefore it is more desirable that Uruguay import seed, other than Argentine seed, for the January planting, which crop also supplies seed for the following August-September planting. Otherwise producers are dependent on Argentina for both seed and table-stock requirements.

Last year an officer of the Official Seed Distribution Service visited Canada and the United States to study potato production and to purchase seed supplies. It is probable that this official will visit Canada again this year in an

effort to obtain seed potatoes for the January planting. Last year New Brunswick exporters supplied 66,746 crates, or all the imported seed for this planting. If shipping space can be arranged and the c.i.f. prices are not prohibitive, Uruguay will take this fall about the same amount as last year. The demand will be for the Katahdin variety, with a large percentage of the small-size grade. The shipment should arrive at Montevideo during the latter part of December.

WARTIME FOOD POSITION IN THE UNITED KINGDOM

G. R. PATERSON, ANIMAL PRODUCTS TRADE COMMISSIONER

II. Supplies from Canada—*Con.*

CHEESE

The United Kingdom pre-war consumption of all kinds of cheese averaged approximately 425,000,000 pounds annually. The imports amounted to 320,000,000 pounds, and Empire countries, principally New Zealand and Canada, were the most important suppliers.

The pre-war average per capita consumption cannot be considered any criterion of the importance of cheese in the diet of certain well defined classes. Farm workers, miners and many others engaged in heavy industry were the chief consumers.

As the general supply of animal protein, in the form of meat, became less, the importance of cheese for all classes of the public became more pronounced. Not only is it a valuable source of protein, but it is admirably suited to war-time conditions, due to the comparative ease with which it can be transported, stored, distributed and served.

The supply position became rather acute early in 1941, with the result that rationing was introduced for the first time during the war at the rate of one ounce per week for ordinary civilians, eight ounces per week for agricultural workers, miners and those engaged in heavy industry, with a substantial allowance to the armed forces. On June 30 the ordinary civilian ration was increased to two ounces per person per week. On August 25 this was further increased to three ounces per person per week and remained at that figure to the end of the year. A special ration of eight ounces was made to harvest workers during the period early August to October 5, and the amount for those formerly receiving eight ounces was increased to twelve ounces from December 15.

From the above summary of the rationing changes it is apparent that the supply position became much improved between June and the close of the year. The reasons for this improved position are attributable, first, to the increased production in New Zealand and Canada and secondly, to the shipments arranged under the lend-lease agreement with the United States. The total volume of cheese coming into the United Kingdom has not been announced by the Ministry of Food or other United Kingdom authority.

Canada agreed to ship during the twelve months' period beginning April 1, 1941, a total of 50,000 long tons. It was hoped that supplies in addition to this quantity would be available, but the season was not as favourable as usual, and therefore the supplies shipped during the twelve months' period will not materially exceed the amount agreed upon.

The program for Canadian supplies for 1942-43 is now under review. The Ministry of Food has intimated that receipt of the same quantity as was shipped in the past year would be greatly appreciated and that quantities in excess of 50,000 tons would be most acceptable. It suggests, however, that

cheese and evaporated milk production for delivery to the Ministry of Food should be considered together and that the quantities of each should be in proportion to the shipments during 1941-42.

Canadian arrivals have without exception been satisfactory. Comparison of shipments with arrivals from other sources was decidedly favourable to the Canadian product.

MILK

Broadly speaking the milk supply position was most satisfactory during the year. Whole milk production was well maintained. However, it was found necessary in the latter part of the year to reduce supplies to many individuals, due largely to the fact that considerable quantities of free milk were distributed to certain classes of individuals who previously did not have it.

It is not possible to give any estimate of the quantities of processed milk imported from various sources of supply during 1941. However, in addition to those supplies arranged for from Canada, New Zealand and Australia, a considerable quantity was brought forward under the lend-lease arrangement with the United States, and during the latter part of the the year the public were allotted a limited quantity per person of evaporated milk and milk powder to supplement the quantity of fluid milk available for general distribution.

Canadian participation in the processed milk program was confined entirely to the provision of evaporated milk. Agreement was reached for the shipment of 658,000 cases (of 48 16-ounce tins) during the twelve months beginning April 1, 1941. All of this was required for the armed forces, and shipments were made for the most part direct from Canadian seaboard to the forces overseas. It was originally intended that the British Columbia production of 180,000 cases should all go direct to Singapore and Hongkong. Due to the changed position in that part of the world at the close of the year, it was found necessary to ship a substantial part of this quantity from Atlantic ports. The Eastern product, with the exception of 50,000 cases shipped to the United Kingdom before instructions were received for War Office destination, were shipped direct to the Middle East for the forces located there. All these shipments were put up in special heavy wooden boxes made in accordance with War Office specifications.

The Ministry of Food indicated at the outset that the production of milk must not in any sense supersede the production of cheese, consequently the quantity provided by Canada was somewhat less than in the previous twelve-month period. The quantity required for the next twelve-month period is likely to be the same as that supplied in 1941-42. As previously indicated, production of evaporated milk for the present emergency should bear a relationship to cheese production similar to that prevailing in the year under review.

No complaints have been received regarding the quality of this product, and the packing has also been satisfactory.

BUTTER, MARGARINE, AND COOKING FATS

Butter supplies have come chiefly from New Zealand and Australia. Approximately 150,000 tons were provided by these two countries, sufficient to maintain a two-ounce ration and provide limited supplies for restaurants and catering establishments.

Margarine has become the most important item in this group. It is a well made product, fortified with vitamins and sold at relatively low prices. It forms the bulk of the butter-margarine ration.

Cooking fats have been available in quantities about equal to the butter ration.

The ration of this group obtaining for the greater part of 1941 consisted of two ounces of butter, four ounces of margarine and two ounces of cooking fat per person per week. An option was permitted in that the whole of the butter-margarine ration of six ounces could be taken as margarine. During the last two months of the year an extra amount of cooking fat, to the extent of two ounces per person per week, was provided. This was introduced merely as a cold-weather supplement to the fat ration.

Eggs

The original policy of the Government with respect to eggs was based on the assumption that home production, which in pre-war days supplied 65 per cent of the shell egg consumption in the United Kingdom, would continue, despite the great reduction in supplies of feeding stuffs, at a sufficiently high level to take care of any special requirements. It was not thought necessary to supply any great quantity of eggs for general consumption. However, this policy received several setbacks during 1941 and had to be revised. Production fell off more sharply than was anticipated, and the general public demanded some eggs as the reduction in supplies of animal protein became a more permanent situation. The Ministry of Food was obliged to take steps to import increased quantities of shell eggs and egg products to supplement the meagre home production.

Imports during 1941 came from Empire countries, South America and the United States. Canada's contribution amounted to 500,000 boxes of thirty dozen eggs each, half of which were shipped during the beginning of the year as fresh eggs and half during the fall and early winter as storage eggs.

So far as the 1942 program for Canada is concerned, it was agreed in September, 1941, that 770,000 boxes of fresh eggs should be shipped during the winter and spring months. A tentative agreement was also reached covering 500,000 boxes of storage eggs for fall shipment. At time of writing some difficulties, principally shipping, are cropping up, and so it may be found necessary to make revisions of the program.

The quality of Canadian arrivals in general showed some improvement over those received in 1940. Considerably more care had been taken in the matter of boxes, fittings, marking, strapping, etc. There was a noteworthy improvement also in the sizing of the eggs in the boxes. The fresh-egg shipments gave very little cause for complaint and the outturn was fairly satisfactory. However, there was some criticism of a number of the storage lots. These were not as uniformly good in quality, and there was a fairly high percentage of loss, particularly in some parcels on certain ships. For the most part this was due to the length of time that expired between taking out of storage for repacking and arrival in the United Kingdom. The delays in transit were beyond the control of either the Canadian or United Kingdom authorities.

The oil dipping of eggs, particularly those from British Columbia, has created considerable interest, with the result that, in discussing plans for 1942, the Ministry of Food has asked if it would be possible for Canada to oil dip all eggs for export to the United Kingdom. It is expected that at least the storage eggs that come forward in 1942 will be treated in this manner, as well as increased quantities of the fresh eggs to be shipped.

EGG PRODUCTS

China was the normal pre-war source of supply of most of the frozen and dried eggs imported by the United Kingdom. During 1941 it became practically impossible to obtain shipments from that country, and so arrangements were made to import supplies of these egg products from the United States and Australia.

The comparatively low prices that have ruled for these products in the past have made it impossible for Canadian interests to compete. However, with the probability of being faced with a very difficult shipping situation during part of 1942 becoming more apparent, it has become increasingly important in the view of the Ministry of Food that steps should be taken to provide more of the dried product. Price may thus become a secondary consideration, and some arrangement to subsidize certain production may be made. If this comes about no doubt Canada will be asked to participate to the limit of her capacity.

HONEY

Honey is one of the food products still coming forward under the import licensing system, but it is controlled by the Ministry of Food so far as price and quotas are concerned.

The import price for Canadian honey remains the same as for the 1940-41 supplies, i.e. 65s. per cwt. c.i.f. United Kingdom ports. The Canadian quota also remains at 2,001 long tons, which was the quantity of Canadian honey imported in the year ending August 31, 1939.

This product cannot be classed as a vital necessity under wartime conditions. So far it has not been either rationed or included in the points rationing scheme. Therefore, even with the somewhat restricted supplies available, it has proved valuable as a supplement to the jam ration. The manufacturing chemists continue to use important quantities in proprietary medicines and cough mixtures.

During the year an association of importers and packers was formed, with the approval of the Ministry of Food, and, in addition to working closely with the Ministry's officials on matters pertaining to price and import quotas, their main purpose has been to allocate arrivals equably, so that all users, i.e. manufacturers and packers, would receive a fair share of the supplies available.

TRINIDAD BULK PURCHASES OF DRUGS, CHEMICALS AND MEDICAL SUPPLIES

G. A. NEWMAN, CANADIAN TRADE COMMISSIONER

Port of Spain, September 9, 1942.—The Control of Medical Supplies Regulation, published in the *Trinidad Gazette Extraordinary* of September 7, 1942, lists those drugs, chemicals and medical supplies which in future will be purchased by the Bulk Purchasing Department of the Trinidad Import Control Board. Such bulk orders are to be sent to the Crown Agents in London, England, and the orders which cannot be filled in the United Kingdom will be forwarded to the United States and Canada for completion.

Details of the drugs, chemicals and medical supplies to be purchased will be supplied to interested Canadian firms on application to the Department of Trade and Commerce, Ottawa (quote file No. 34197).

Under the Control of Medical Supplies Regulations the following firms have been appointed as wholesale or "recognized distributors": Messrs. W. C. Ross & Co., Ltd.; H. Govia Ltd.; A. Lewis-Inniss Ltd.; Beharry & Scott Ltd.; Albert H. Joseph Ltd.; Wharton's Drug Stores Ltd.; Pereira & Co. Ltd.; Ritchie's Drug Store; The Royal Pharmacy; The National Pharmacy; The Trinidad Dental Supply Co.; Southern Dental Supply; Mrs. Cynthia Patrick; and Miss Alice W. Alkins.

All retail druggists are obliged to register with the Control Board and are assigned one of the wholesale distributors, through whom their orders must be placed. The orders must be made out on prescribed forms and must be only

for articles required in the normal course of business for a period to be stipulated by the Control Board.

The recognized distributors, at times specified by the Control Board, will submit a list of their requirements to the Bulk Purchasing Department to cover current orders accepted under the regulations.

Goods received under the regulations will be distributed by the recognized distributor to the drug retailer against orders in proportion and at prices set by the Chairman of the Control Board.

Orders sufficient to maintain supplies will be permitted through the usual commercial channels until the initial shipments of drugs and chemicals purchased under bulk ordering are received.

AUSTRALIAN WHEAT AND FLOUR

Mr. Frederick Palmer, Canadian Trade Commissioner in Melbourne, cabled under date September 16, 1942, regarding the Australian wheat and flour situation as follows:—

Growing conditions continue very favourable for the 1942-43 wheat crop. The Federal Cabinet has approved a plan for the payment of approximately 70 cents Canadian per bushel at country sidings on the first 3,000 bushels, with an advance of approximately 35 cents Canadian per bushel, less freight and handling charges, against any balance to be pooled and paid for as disposed of.

SCIENTIFIC RESEARCH IN AUSTRALIA

L. M. COSGRAVE, CANADIAN TRADE COMMISSIONER

I

Sydney, May 30, 1942.—The Fifteenth Annual Report of the Council for Scientific and Industrial Research in Australia—corresponding to the Canadian National Research Council—has just been released. According to this report, in the second year of war (1940-41) the Council's scientists and investigators have made much progress and have been successful in solving many of Australia's scientific, industrial and economic problems.

On the outbreak of war a considerable part of the Council's activities was directed toward the solution of problems arising therefrom and toward advising and assisting the various government departments, institutions and organizations directly concerned with the nation's war effort. This applies particularly to the Council's National Standards Laboratory, the Aeronautical Research Laboratory, the Forest Products Laboratory, and the Division of Industrial Chemistry.

PLANT INVESTIGATIONS

VEGETABLE AND OTHER FIBRES

Following the cessation of European supplies of flax and other fibres to the United Kingdom and Australia, the Council for Scientific and Industrial Research began to experiment widely with a view to eventually meeting, in some measure, demands for this all-important commodity. With a view to determining differences in yield, quality, size and strength, varying strains of flax have been raised and exhaustively examined in its research laboratories. It has been decided to revive the interesting and promising work on chemical retting, temporarily dropped because of pressure of other work, and the Division's officers are now in a position to advise on the control of water retting

as this is rapidly extended according to plan. Problems of scutching, tow treatment, drying of retted straw, and control of dew retting are also being studied. Tank retting has also been studied in detail, and an increasing demand is being made on the retting facilities of the laboratory for the treatment of flax grown in different states of the Commonwealth. Other matters of interest dealt with by the laboratory include improvements in the technique of tensile testing, water and chemical analyses of flax fibre, and further research in connection with the purification and disposal of effluents.

In addition a wide search is being continued for possible substitutes. A quantity of stems of *Urena lobata* was obtained from Queensland through the South Johnstone Tropical Research Station and submitted to a cordage manufacturer for testing purposes. Tests were reported favourable, and plans are in hand for the production of *Urena lobata* as a fibre crop. Small scale trials with hemp, jutes and *Crotalaria*s are also progressing, and during 1940-41 many samples were received from various sources for the determination of fibre content and value. These samples included *Sida rhombifolia*, *Triumfetta* sp., *Cryptostegia* sp., *Pepturus* sp., nettle and yucca.

TOBACCO

Work on the chemistry of tobacco and the study of disease resistance was discontinued at the University of Sydney during the year, and it is possible that research in this regard will not be resumed until more favourable world conditions prevail. Smoking quality and physiological investigations were continued, however, and co-operative work with the various states was maintained on the same basis as previously. Two conferences of Commonwealth and state tobacco officers have taken place during the past twelve months, and the program of experimental and field work was in accordance with that of the previous year. The tests for smoking quality were conducted with leaf representative of the 1935-40 crops and showed that the four main producing areas—North Queensland, Queensland-New South Wales border, northeast Victoria and the southwest corner of Western Australia—each produce a different type of flue-cured tobacco. (About 90 per cent of Australian tobacco leaf, consisting of some eleven different types, is grown in these areas.) Exhaustive climatological and chemical analyses reveal that climate and soil determine the type of tobacco produced, while seasonal conditions and cultural practices may modify quality within the type. Smoking tests, conducted in co-operation with the states, were continued with samples of representative 1940 crop leaf.

DRUG PLANTS

Investigations and experiments in this important direction have expanded during the past year. Surveys continue in Queensland coastal areas for the purpose of locating indigenous or naturalized plants that may be sources of drugs such as caffeine, ephedrine, cocaine, quinine substitute and of substances such as derris. Analyses of material are being made in the University of Sydney and of Melbourne, and the present position in Australia regarding the more important drugs is as follows:—

(i) *Hyoscyamine and Hyoscyamine*.—During the past six months hyoscyamine has been satisfactorily extracted from *Duboisia myoporoides* on a commercial basis by a local manufacturing company. *Hyoscyamine* has also been obtained in high concentration in *Duboisia myoporoides* from naturally occurring stands in certain localities in New South Wales. Supplies of naturally occurring *Duboisia* in Queensland and New South Wales are stated to be sufficient to meet Australia's full requirements of both these alkaloids for many years.

(ii) *Glucosides of Digitalis*.—No difficulty was encountered in producing satisfactorily on a commercial basis from plots of *Digitalis purpurea* grown in various localities during the past season, principally in one Victorian centre. Plots of *Digitalis lanata* have been established, but samples have not yet been taken for analysis. It is expected that sufficient seed will be obtained from the present sowing to meet all requirements for future planting.

(iii) *Strychnine*.—Small quantities of *Strychnos nuxvomica* have been raised in the State of Queensland, although it will be some years before the extraction of strychnine from these plants will be possible. Seed was being obtained from the Kemp Welch River area in Papua, but it is unlikely that further supplies will be available from that source for some time to come in view of recently developed war conditions.

(iv) *Ephedrine*.—Species of *Ephedra* of Indian origin have been raised at several centres recently and are reported to contain ephedrine in appreciable quantities. Attention is also being given to alternative sources of supply in native or naturalized plants.

(v) *Emetine*.—Root cuttings are being propagated at South Johnstone, Queensland, and native and naturalized plants of the *Rubiaceae* are being tested for emetine.

(vi) *Santonin and Filix-mas*.—Chemical tests are being carried out with flower heads of plants of *Artemisia maritima*, and plants of the fern *Filix-mas* are being raised from spores.

(vii) *Strophanthin and Ouabaine*.—Sufficient seedlings are being raised to meet Australia's requirements of seed, although it is not expected that plants will reach the stage of seed production under five years. Some attention is also being given to the question of obtaining strophanthin or a substitute glucoside from native and naturalized plants.

(viii) *Ergot*.—Analyses were completed with regard to ergot produced during the past season in Victoria and New South Wales, and the quality of the product exceeded *British Pharmacopœia* requirements.

(ix) *Quinine*.—Seedlings of *Cinchona* have been raised in several Queensland areas, and it is proposed to lay down several plots in the form of forestry plantations as soon as these seedlings are ready for field planting.

(x) *Opium and its Alkaloids*.—Sowings of several varieties recently proved that *Papaver somniferum* can be grown satisfactorily in Australia. The most suitable areas from the point of view of morphine production have not been definitely determined; morphine production as manifest by the analysis of opium samples was variable but satisfactory. Considerable progress has been made in evolving a satisfactory process for the extraction of morphine and codeine direct from the dried whole plant, and results have been sufficiently promising to induce one manufacturing firm to install a single unit pilot plant for this extraction.

ENTOMOLOGICAL INVESTIGATIONS

Although many long-range investigations undertaken prior to the outbreak of war by the Division of Economic Entomology have had temporarily to be abandoned, there has been a concentration of effort with regard to problems of immediate importance to Australia's war effort. The protection of stored wheat is at present among the most important entomological problems, on account of greater bulk handling in war time, and, although the light crop of 1940 eased the storage situation considerably, the work is regarded as very urgent. Close contact has been maintained with the various state departments of Agriculture and research institutes. During the first part of 1940-41 laboratory work on weevil control was concentrated chiefly on a study of mineral dusts, the protective value of which when mixed with grain has received considerable attention from over-

seas investigators. Gratifying results have been obtained from this line of research, and one or two effective non-siliceous dusts readily available in Australia have been discovered. Milling tests of treated wheat show that the dust is removed in the ordinary mill-cleaning process, although certain disadvantages affecting the appearance and free-running properties of the grain have also been revealed. For this reason dust treatment is not regarded with favour by the wheat-handling authorities in this country. Nevertheless its effectiveness may yet prove of practical value should the storage position in Australia remain difficult for any lengthy period.

Satisfactory progress has also been made along other lines of investigation in this field, principally in the direction of fumigation and contact insecticides, although many of the problems proved more complex than was first expected.

FOREST PRODUCTS INVESTIGATIONS

The year under review has seen a further extension of work in the field of defence. The main development followed on the appointment of the Chief of the Forest Products Division in August to the position of Assistant Controller of Timber under the Controller of Material Supplies of the Department of Supply and Development. As the work expanded, the need for a full-time officer in the Department with experience of timber became urgent, and in May, 1941, the Conservator of Forests in Western Australia, was appointed Controller of Timber, and the British Columbia Timber Commissioner in Australia as Controller of Timber Imports.

The work of the Forest Products Division has resulted in savings in imports and in quantities of timber used, and saving by the use of lower quality timber where possible. Officers of the Division have been called upon to supervise the drying of timber for rifle furniture and the designing and erection of plant for the conversion of such timber into the form of blanks.

AUSTRALIAN SUBSTITUTES FOR IMPORTED TIMBERS

Of interest to Canadian exporters is the progress of research in the Commonwealth in an endeavour to locate substitutes for timbers formerly imported. The reduction in imports resulting from Customs regulations has forced Australia to rely to an increasing extent on her native timbers, and the Council for Scientific and Industrial Research, following extensive investigations and tests, have recommended suitable substitutes for ash, aspen, Balsa wood, Baltic timbers, boxwood, Douglas fir and hemlock.

TIMBER FOR AIRCRAFT CONSTRUCTION

In aircraft research the outstanding feature of the year's work has been the setting up of standards for Australian timbers for solid members and plywood for aircraft. Tests were carried out in conjunction with the Aeronautical Laboratory, and valuable structural and material data were compiled.

Tests on Alpine and mountain ash reveal that these timbers have, for their weight, exceptionally good mechanical properties, including impact strength. The Department of Civil Aviation has redesigned the stainless steel wing spars of a certain type of service aircraft using mountain and Alpine ash and has found that a reasonably efficient wing spar may be designed with these timbers. Mountain and Alpine ash appear to be the Australian timbers most likely to be used in aircraft for highly stressed parts. King William pine has apparently useful possibilities for the many parts of an aeroplane which require low density timber.

Tests on plywood made from leatherwood have proved this timber to be suitable as a substitute for birch plywood. It is much superior to coachwood in all mechanical properties, but is not quite equal to birch. In co-operation with the Aircraft Production Commission, full-scale commercial tests are being carried out with leatherwood.

Experiments have been carried out with very satisfactory results on improved wood for airscrews, the properties of which have been pronounced as practically equal to that made overseas.

Many tests have been carried out with an Australian proprietary heat-reactive glue. This is a thermo-setting, casein-base adhesive which gives water-resistant joints and has been proved fairly satisfactory for the bonding of plywood.

There is great activity in Australia in the field of kiln drying. Some 700 kilns are in operation, which would probably be ample for ordinary times, but wartime demand for seasoned timber has resulted in large extensions.

They have also been called upon to assist manufacturers in adapting their methods to new timbers, and it is stated that the new timber is in many cases found to be equal in quality to that formerly imported. Match splints, for example, previously imported into Australia, are now manufactured here. Many timbers, including hoop and radiata pine, were early found to be satisfactory, but it is likely that one of the common eucalypts, available in large quantities, will become permanently established for this particular purpose.

WOOD CHEMISTRY

Research work in wood chemistry has during the past year been designed to serve the needs of the Australian pulp and paper industry. Among the main subjects to receive attention were methods of pulp evaluation and paper testing and fibre studies. Apart from the main co-operative research program, various minor wood chemistry studies have been carried out.

BUSINESS CONDITIONS IN CHICAGO AND DISTRICT

M. B. PALMER, CANADIAN TRADE COMMISSIONER

Chicago, September 9, 1942.—The Federal Reserve Bank of Chicago, reporting in August for the Seventh Federal Reserve District (comprising Michigan, Indiana, Illinois, Iowa and Wisconsin) states that, although July is normally a slack month on the business calendar, with maintenance of equipment, vacations, and inventories taking precedence over production schedules, the pressure of war activity was felt throughout the District. Employment, payrolls, and trade all moved contra-seasonally, either recording gains over the previous month or showing smaller declines than have occurred during July in previous years.

EMPLOYMENT

Continued increases in employment and payrolls of manufacturing industries were reported for the month. The 3 per cent gain in the number of workers employed was the most substantial recorded in any one month since June, 1941, but the 2 per cent increase in the amount of wage payments was slightly lower than in either of the two immediately preceding months. The increases were contributed largely by the transportation equipment industries and the food products group. In the non-manufacturing industries employment remained practically stationary during the month, gains in coal mining and construction industries being offset by losses in the merchandising group. Payrolls in the non-manufacturing groups advanced by close to 2 per cent, which was slightly less than the gain in manufacturing industries.

RETAIL DISTRIBUTION

Distribution of commodities to consumers declined less than seasonally. At department stores a 19 per cent decline in dollar volume of sales was the lowest July decrease reported in the past ten years. A 3 per cent increase in sales over July a year ago represents a net decline in the movement of physical volume, as prices were 14 per cent higher than last year. Open book or charge sales declined by 28 per cent from the June volume, while instalment sales were down 10 per cent and cash or c.o.d. sales were approximately 17 per cent lower. Stocks on hand at the end of July were 2 per cent lower than at the end of June but 67 per cent higher than a year earlier. Retail prices remained unchanged from the previous month. The all-commodity wholesale price index remained practically unchanged and stood at 99 per cent of the 1926 average.

STEEL

Steel production by mills in the Chicago area fell off somewhat during the month. The indicated tonnage for July was 1,402,000 net tons as compared with 1,410,000 tons for the preceding month. Such decreases can be expected at periodic intervals, as the extreme utilization of productive facilities places an extraordinary load upon equipment. There is a continuing threat of shortage of iron and steel scrap. During 1941 the steel industry throughout the country produced 82,839,000 tons of steel and consumed 45,600,000 tons of scrap, which was 10,000,000 tons more than was ever consumed before in a single year. Thus far in 1942 steel production has been at the rate of more than 85,000,000 tons.

Notwithstanding salvage drives, it is estimated by the American Iron and Steel Institute that there may be as much as eight to ten million tons of iron and steel scrap lying in homes, on farms, and in industrial plants throughout the country.

OIL

Crude oil production in the State of Illinois averaged 269,850 barrels a day during the four weeks ended August 15, 3 per cent lower than in the preceding four-weeks period and 24 per cent under the corresponding figure for 1941. Runs of crude oil to refineries within the Indiana-Illinois-Kentucky area and production of gasoline increased slightly over the preceding month. There have been only minor changes in these items from a year ago. Stocks of gasoline declined during the month, whereas those of gas and fuel oil increased appreciably.

COAL

Bituminous coal production in the District remained approximately at the June level and continued heavier than a year ago, registering an increase of 10 per cent. Cumulative production for the first six months of this year was 23 per cent ahead of the comparable period of 1941. The increase in production in the District paralleled the increase nationally, as the country as a whole showed a July increase of 7 per cent and a cumulative six-months increase of 25 per cent. Stocks are increasing. Industrial users and dealers reported supplies at the end of June as 70 per cent in excess of those a year ago. Stocks at lake docks were approximately 40 per cent higher than at the corresponding date last year.

CONSTRUCTION

Construction contracts awarded in the District during the first seven months of this year are the largest recorded since 1929. Practically two-thirds of this year's contracts have been either for industrial plant expansion or for residential

building. The \$680,000,000 total was one-fourth as large again as for the corresponding period of 1941. This increase may be ascribed to industrial plant awards, which also account for the increasing importance of government financing, that has constituted three-fourths of the total awards so far this year as against 40 per cent last year and 30 per cent in 1940. Residential-building awards, however, were the lowest so far recorded, being one-fifth below the June valuation and three-fifths smaller than in July, 1941.

CONDITIONS IN THE CUBAN AND DOMINICAN REPUBLIC DRIED AND SMOKED FISH MARKETS

J. L. MUTTER, CANADIAN TRADE COMMISSIONER

Cuba

Havana, September 15, 1942.—Cuba's import trade in dried salt and smoked fish remains at a standstill.

HAVANA MARKET

No Canadian fish has entered Cuba during the past three months and, according to present indications of continued high prices and shipping difficulties, no improvement in the trade in the near future is anticipated. Furthermore, even with improved shipping facilities, increased demand would still depend to a great extent upon a substantial reduction in prices.

Fresh fish is selling in the local market at about 20 cents per pound. This compares with 35 cents per pound being asked for imported bacalao and, while this price disparity continues, local consumers will obviously favour fresh fish, of which there appear to be abundant supplies.

Canadian fish exporters are apparently somewhat indifferent as regards sales to this market at the present time, either because demands from other outlets are absorbing the entire export surplus or in consequence of the shipping situation, which precludes the possibility of contracting for delivery within a reasonable period. In any case, without some definite information as to delivery dates, importers in Havana are unlikely to enter into commitments.

SANTIAGO DE CUBA

With the prospect of an early direct sailing from a Canadian Atlantic port with a cargo of codfish for Santiago de Cuba, Canadian suppliers are offering reasonable quantities of medium and small codfish at \$16 and \$15.50 respectively per drum of 128 pounds f.o.b. vessel at port of despatch.

Dominican Republic

Supplies in this market are confined largely to Labrador semi-dried at about \$17 c.i.f. per drum of 128 pounds net, which arrived about three months ago. This fish is selling slowly at about \$20 duty paid. Sales are small, averaging about 250 drums per month, and are expected to remain so until new supplies arrive at lower prices.

There have been no steamer arrivals at Ciudad Trujillo for the past ten weeks, with the resultant cessation of deliveries of fish supplies of either United States or Canadian origin. Lack of regular steamer arrivals has had a detrimental effect on trade in general and notably upon transport, rates for which have increased at least fourfold due to the great scarcity of gasoline.

Stocks of good bloaters are exhausted, the last sales having been made at about \$2 per box of 18 pounds net, count 90/110, for fish costing approximately \$1.75 c.i.f.

TRADING WITH THE ENEMY

CANADIAN LIST OF SPECIFIED PERSONS

Inquiries received from time to time by the Department of Trade and Commerce indicate that Canadian exporters still do not understand clearly the composition and object of the Canadian List of Specified Persons established under the authority of the Consolidated Regulations Respecting Trading with the Enemy (1939).

The List of Specified Persons is a published list of firms and persons in neutral countries with whom intercourse or transactions of a commercial, financial, or any other nature without official permission constitutes the offence of trading with the enemy.

The List forms an integral part of the machinery designed to prevent enemy countries from obtaining any economic or financial assistance from British Empire or neutral countries. It consists principally of concerns controlled directly or indirectly from enemy territory (including enemy-occupied territory and certain other territories proscribed under the Trading with the Enemy Regulations), and of firms or individuals who have persistently evaded, or tried to evade, the contraband or enemy export controls. Persons controlled from enemy territory are enemies within the meaning of the Trading with the Enemy Regulations, whether or not they are included in the List of Specified Persons.

Additions to the List are made only after careful investigation in order that unnecessary damage to neutral or British Empire interests may be prevented. The Custodian of Enemy Property, Department of the Secretary of State, Ottawa, is always willing to consider representations from importers and exporters and other interested parties and to reply to inquiries on questions, such as the completion of unfinished transactions with persons placed on the List of Specified Persons. The Office of the Custodian is also prepared to advise, in cases where doubt is felt as to the legality or desirability, from the point of view of trading with the enemy, of dealings with persons not on the List of Specified Persons.

Enemy subjects who are not in enemy territory are not necessarily enemies within the meaning of the Trading with the Enemy Regulations, and it is not intended to specify persons in neutral countries as enemies merely because they are enemy subjects. Many subjects of enemy countries carry on business in neutral countries without assisting these countries, and in some cases are of assistance in the promotion of Canadian trade.

Nevertheless, enemy subjects, wherever they may be carrying on business, should be regarded with suspicion, and Canadian traders who employ enemy subjects as agents in neutral countries would be well advised to consider displacing them either by British agents or by nationals of the country concerned. Firms who experience difficulty in obtaining suitable alternative agents should consult the Department of Trade and Commerce, Ottawa, or the appropriate Canadian Government Trade Commissioners.

Copies of the Consolidated List of Specified Persons are obtainable from the Distribution Branch, Government Printing Bureau, Ottawa. The price is 25 cents each for single copies, with a reduction for purchases of 100 copies or more. The list contains the names of more than 9,000 persons, principally in Europe, Latin America, Japan and China. It is subject to revision from time to time, and additions, amendments and deletions which are found necessary are published in the *Canada Gazette*. Canadian firms that have extensive dealings with persons in neutral countries are strongly advised to obtain copies of the consolidated list and at the same time to arrange to receive revisions as published.

TARIFF CHANGES AND TRADE REGULATIONS

Ireland

SUSPENSION OF IMPORT QUOTA RESTRICTIONS

Mr. George Shera, Office of the Canadian Government Trade Commissioner at Dublin, advises that, by an Order of the Government of Eire dated July 22, 1942, the import quota restrictions on the following commodities have been further suspended for the period August 10, 1942, to June 30, 1943: motor-car tires, bicycle tires, motor-car and bicycle tubes, rubber boots and shoes, and heeled canvas and rubber boots and shoes.

By virtue of this Order the above goods may be imported without quantitative restriction for the period stated. The prior suspension was for six months from February 10, 1942.

Australia

SOME CUSTOMS AND EXCISE DUTIES INCREASED

Alcoholic beverages, tobaccos, matches and playing cards were all subjected to increased customs import duties and excise duties in Australia on September 3, 1942, according to a memorandum issued by S. Laney, Australian Customs Representative in New York.

Customs duties on ale, beer and porter in containers not exceeding one gallon were increased from 4s. 3d. to 5s. 10d. per gallon under the British preferential tariff and from 7s. 6d. to 9s. 1d. under the general tariff. On beer, etc., in larger containers the advances were from 3s. 9d. to 5s. 4d. and from 6s. to 7s. 7d. under the respective tariffs. All rates of duty on spirituous liquors were advanced 15s. 6d. per gallon or (if over proof) per proof gallon. In the case of whisky the increase was from 53s. to 68s. 6d. under the British preferential tariff and from 56s. to 71s. 6d. under the general tariff. On cigarettes there were uniform increases of 8d. per pound; on cigars, 11s. 4d. per pound; and on other manufactured tobaccos, 2s. 8d. per pound. Increases on matches varied with the kind of match and size of containers. Playing cards were advanced from 7s. to 15s. per dozen packs under the British preferential tariff and from 10s. to 18s. per dozen packs under the general tariff. The British preferential tariff rates apply to importations of all these goods from Canada.

Excise duties on ale, beer, etc., were increased from 3s. to 4s. 7d. per gallon, and on whisky from 39s. to 54s. 6d. per proof gallon. The same rate of increase (15s. 6d. per proof gallon) applied to other spirits. Excise on tobacco (except Australian) for cigarettes was increased from 12s. 9d. to 20s. 9d. per pound and the same increase applied to cigarettes, other than hand-made. On playing cards the increase was from 2s. to 10s. per dozen packs.

British India

WAR COMFORTS EXEMPT FROM DUTY

The Collector of Customs at Bombay announces that, under existing orders, goods (other than tobacco and alcoholic liquors) declared as "war comforts" are exempt from customs duty when imported through the Post and addressed to personnel of the army, navy and air force of the United Kingdom, Dominions and allied countries who are serving in India. The concession, it was stated, is not applicable to commissioned officers.

United States

AMENDMENT TO CONSULAR INVOICE REGULATIONS

United States Treasury Decision 50711, published on September 3, amends regulations respecting exemption from the requirement of a consular invoice for shipments exceeding \$100 in value. These exemptions were provided for certain goods unconditionally free of duty or subject only to a specific rate of duty not depending on value. The new Treasury Decision removes crude minerals from the former list of exemptions.

Another change effected by T.D. 50711 confines the exemptions to shipments from countries contiguous to the continental United States with regard to: forest products, except red cedar shingles and chicle; standard newsprint paper; pulpwood and wood-pulp; live domestic animals; and agricultural products, crude or unmanufactured, except bananas, coca leaves, coffee, raw cotton, dairy products other than milk and cream, guayule, henequen, hides, opium, seeds imported subject to the provisions of the Federal Seed Act or for seeding (planting) purposes, sisal, skins of all kinds, tea, tobacco, and wool of all kinds, including wool on the skin.

Importers shall be required by collectors of customs to furnish satisfactory evidence that seeds are not imported for planting purposes when such claim is made the basis for exemption from the necessity of producing a certified invoice. When such evidence is not furnished at the time of entry and a bond is given for the production of a certified invoice, the required evidence may be accepted in satisfaction of the bond obligation if produced within the period prescribed.

Dominica

INCREASED DUTY ON CIGARETTES AND TOBACCO

A Dominican Resolution of July 29 increased the British preferential tariff on cigarettes from 6s. 4d. to 7s. 4d. per pound and the general tariff from 9s. 6d. to 10s. 6d. per pound. Another Resolution of the same date excludes tobacco (except cigar wrappers) from the duty exemption granted to goods imported solely for manufacturing produce upon which either export or excise duty is payable on completion of manufacture.

Ecuador

IMPORT PERMITS REQUIRED FOR TYPEWRITERS

Mr. W. G. Stark, Acting Trade Commissioner in Lima, writes that by an Ecuadorean executive decree of May 1, 1942, no typewriters may be imported into Ecuador without previous permission of the Office of Priorities and Distribution, and no dealer, importer or agent may sell or transfer typewriters in Ecuador without authorization from that office.

Peru

IMPORT PERMITS REQUIRED FOR STEEL AND IRON

Mr. W. G. Stark, Acting Trade Commissioner in Lima, writes that, under a Peruvian decree of July 14, 1942, imports of steel, iron and tinplate into Peru may not be made without prior authority from the Ministry of Finance.

BRITISH TRADE COMMISSIONERS IN CANADA

Canadian importers and others desirous of obtaining information regarding the export trade of the United Kingdom and Canadian firms desirous of representing British manufacturers in Canada are invited to communicate with the undermentioned:—

The Senior British Trade Commissioner in Canada and Newfoundland, 56 Sparks St., Ottawa. Telegraphic address: "Sencom."

The British Trade Commissioner (for Quebec, the Maritime Provinces and Newfoundland). 1111 Beaver Hall Hill, Montreal, Que. Telegraphic address: "Britcom."

The British Trade Commissioner (for Ontario), 67 Yonge Street, Toronto, Ont. Telegraphic address: "Toroncom."

The British Trade Commissioner (for Alberta and British Columbia), 850 West Hastings Street, Vancouver, B.C. Telegraphic address: "Vancom."

The British Trade Commissioner (for Manitoba, Saskatchewan and Northwest Ontario), 703 Royal Bank Building, Winnipeg, Man. Telegraphic address: "Wincom."

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING SEPT. 21, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, September 21, 1942, and for the week ending Monday, September 14, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Sept. 14	Nominal Quotations in Montreal Week ending Sept. 21	Official Bank Rate
Great Britain.	Pound	4.8666			
		Buying	\$4.4300	\$4.4300	2
		Selling	4.4700	4.4700	—
United States.	Dollar	1.0000			
		Buying	1.1000	1.1000	1
		Selling	1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
		Bid	4.4200	4.4200	—
		Offer	4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
		Official	.3304	.3304	3½
		Free	.2633	.2634	—
Brazil.	Milreis (Paper)	.1196			
		Official	.0673	.0673	—
		Free	.0571	.0571	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
		Official	.0574	.0574	3-4½
		Export	.0444	.0444	—
Colombia.	Peso	.9733	.6334	.6334	4
Venezuela	Bolivar	.1930			
		Official	.3313	.3313	—
		Free	.3330	.3330	—
Uruguay.	Peso	1.0342			
		Controlled	.7307	.7307	—
		Uncontrolled	.5852	.5852	—
South Africa.	Pound	4.8666			
		Bid	4.3862	4.3862	3
		Offer	4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
		Bid	4.5380	4.5380	—
		Offer	4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
		Bid	3.5300	3.5300	3
		Offer	3.5760	3.5760	—
New Zealand.	Pound	4.8666			
		Bid	3.5440	3.5440	1½
		Offer	3.5940	3.5940	—

CONDENSED LIST OF PUBLICATIONS ISSUED BY THE DEPARTMENT OF TRADE AND COMMERCE

Applications for publications in this list, together with remittances therefor, should be addressed to the King's Printer, Government Printing Bureau, Ottawa, marked "Attention Chief Clerk of Distribution."

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Commercial Intelligence Journal.—Published weekly in English and French, containing reports of Trade Commissioners and other commercial information. The annual subscription in Canada is \$1 and outside Canada, \$3.50.

Publications of the Commercial Intelligence Service are compiled with a view to furnishing Canadian exporters with information respecting the possibilities for the sale of Canadian goods abroad, the nature of the competition to be encountered, Customs requirements, etc., and are not intended for general distribution. The publications available include leaflets giving Invoice Requirements and a series on Points for Exporters, both covering countries included in the territories assigned to Trade Commissioners.

From time to time special reports are issued separately, which subscribers to the Commercial Intelligence Journal are entitled to receive free of charge. In all other cases their distribution is controlled by the King's Printer, who fixes a price therefor.

PUBLICATIONS OF THE DOMINION BUREAU OF STATISTICS

The following is an abbreviated list of publications of the Dominion Bureau of Statistics:—

Census of Canada.

Miscellaneous Statistics respecting the following: Business; Education; Employment; Finance (Provincial and Municipal); Justice; Transportation, including railways and tramways, express, telegraphs, telephones, water, etc.; Production, including agriculture, furs, fisheries, forestry, mining, construction and manufactures; Vital: births, deaths, marriages, divorces; Institutions: hospitals, crime.

Canada, 1942. (Price 25 cents.)

Canada Year Book. (Price \$1.50.)

Trade (Internal), prices, cost of living, etc. (Price 50 cents.)

Monthly Review of Business Statistics. (Price \$1 per annum.)

News Bulletin, Daily (Price \$1.50 per annum), Weekly (Price \$1.00 per annum.)

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Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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ECONOMIC CONDITIONS IN BRAZIL IN 1941

I

L. S. GLASS, CANADIAN COMMERCIAL ATTACHÉ

(The average value of one conto, equal to 1,000 milreis, was \$50.70 Canadian in 1941 and \$50 in 1940; one metric ton equals 2,204 pounds; one kilo equals 2.2 pounds)

Rio de Janeiro, September 15, 1942.—The greater part of the year 1940 might be regarded as a period of adjustment to wartime conditions; the situation in 1941 is more indicative of the true effects of war on Brazilian economy. The results have been far less calamitous than was feared; in fact, the effect on Brazil of the changed conditions was favourable rather than unfavourable in some respects. Despite the loss of European markets, there was a steady growth in exports throughout the year, both as regards volume and value. The many rumours as to the probable date of the end of the war, which marked 1940, practically disappeared, and the realization that hostilities would continue for at least one and perhaps two or more years was an important factor in stabilizing the markets.

During the year Brazil embarked on a course of consolidating her relationships with neighbouring South American countries. Probably the most important treaty signed as a result of this trend was that with the neighbouring Republic of Argentina. This treaty visualized a steady growth in the interchange of commodities between the two countries, assisted where necessary by a far-reaching exchange agreement whereby each Government agreed to supply the necessary foreign exchange to facilitate sales. It also visualized and provided for a progressive reduction in customs barriers, with a view to the ultimate establishment of a free trade and customs union between the two countries.

Other treaties were signed with Paraguay, Chile, Bolivia and Peru in order to strengthen the friendly relationships between Brazil and these countries and encourage commercial intercourse.

EXTERNAL TRADE

The total value of Brazil's external trade in 1941 was 12,244,000 contos as against 9,925,000 contos in 1940, roughly \$640,600,000 as against \$514,118,000. Volume also increased from 7,573,000 tons in 1940 to 7,585,000 tons in 1941. Both imports and exports showed increases in value, but only in the case of exports was there a corresponding increase in tonnage. The value of imports increased from 4,964,000 contos (\$250,727,000) in 1940 to 5,514,000 contos (\$281,427,000) in 1941, an increase of well over 10 per cent. Volume, however, fell off from 4,336,000 tons to 4,050,000 tons. Export values increased by over 33 per cent, from 4,961,000 contos (\$263,390,000) to 6,729,000 contos (\$359,215,000). Volume also increased from 3,237,000 tons to 3,536,000 tons.

BALANCE OF TRADE

In 1941 Brazil enjoyed a favourable balance of trade of 1,215,000 contos, the largest balance since 1931. The following table shows the balance of trade for each year since 1936:—

Brazilian Trade Balances

	£ Gold	\$ Canadian
1936	9,003,523	73,325,753
1937	1,922,253	17,010,501
1938	28,760	169,451
1939	5,497,184	44,382,318
1940	1,536,707	12,662,559
1941	*	77,787,742

* Statistics of gold values are no longer available.

FEDERAL FINANCES

The federal budget for the fiscal year 1941 estimated revenue at 4,124,546 contos and expenditure at 4,881,197 contos, allowing for a budgetary deficit of 756,651 contos. Revenue has been estimated at slightly less than in 1940, whereas expenditure has been budgeted considerably higher. The decrease in revenue was estimated at 2 per cent, and for expenditure an increase of 10 per cent was provided for.

In all but two categories of expenditure increases have been budgeted, the heaviest being for the Ministry of Finance, for which 1,388,727 contos were budgeted, an increase of 179,968 contos. The second highest increase was for the Ministry of Transport and Public Works, with a total of 1,242,021 contos, an increase of 150,716 contos. For the Ministry of War 854,977 contos were budgeted, and of the remaining important portfolios the figure for Marine was 352,235 contos; for Education and Public Health, 339,366 contos; Labour and Commerce, 179,057 contos; and Agriculture, 146,214 contos.

CURRENCY CIRCULATION

There was a further increase, of over 28 per cent, in 1941 in the paper currency circulation, which fluctuated during the year from the minimum of 5,393,000 contos at the end of the first quarter to the maximum of 6,646,000 contos at the end of the year. Part of this increase, however, may be justified by the rapid industrial development in the country during this period.

STOCK EXCHANGE

Since 1937 there has been an increase in the transactions of the Brazilian stock exchange, which continued in 1941. Sales of stocks, shares and bonds, both government and private, amounted to 1,167,000 contos in 1941 as against 933,000 contos in 1940. Transactions in government bonds increased from 761,000 contos in 1940 to 934,000 contos in 1941, and in other securities from 171,000 contos to 233,000 contos, an increase of just over 33 per cent.

The index of stock market movements (1929 basis) advanced from 250 in 1940 to 312 in 1941. For government bonds it increased from 293 to 360 and for private securities from 150 to 204.

This increasing popularity of local investments is partly due to the investment of foreign refugee capital in Brazilian securities, the difficulty of placing Brazilian capital abroad, and the marked industrial growth within Brazil.

BANKING MOVEMENT

Banking activities likewise increased in 1941, deposits rising from 13,714,000 contos in 1940 to 16,531,000 contos, the highest since 1928.

Loans, including those of the Bank of Brazil to other banks, increased from 12,836,000 contos in 1940 to 15,894,000 contos. Of this amount, government loans by the Bank of Brazil accounted for 3,027,000 contos as against 2,270,000 contos in 1940. Thus 12,867,000 contos were lent for the commercial, agricultural and industrial development of the country as against similar loans of 10,566,000 contos in 1940, an increase of 21 per cent.

Cash on hand at the end of the year in all banks had increased to 2,455,000 contos from 2,381,000 contos in 1940.

EXCHANGE

The exchange situation in Brazil in 1941 improved substantially. The year closed with a favourable balance of trade amounting to over US\$77,700,000 as against US\$12,662,559 recorded for 1940.

Refugee capital continued to enter the country from holdings in the United Kingdom, and the United States, with small amounts from Canada. The total amount entered, however, was undoubtedly less than in 1940 and might be estimated at about US\$10,000,000. Tourist trade, which provided a fair amount of exchange, has practically ceased. Exports, therefore, were practically the only source of exchange, which has been plentiful. Cover has been granted without delay for import transactions. Dividends and interests have also been promptly remitted. The Export and Import Bank of Washington has co-operated with the Bank of Brazil, opening credits to the amount of \$60,000,000, of which it is estimated that \$40,000,000 has been used. Payments against such loans have been made on the due dates.

FAILURES AND CREDITOR AGREEMENTS

The number of commercial failures in the two great industrial centres of Rio de Janeiro and Sao Paulo has decreased since 1939, in which year there were 319 in Rio de Janeiro and 208 in Sao Paulo. In 1941 the number of failures was 278 in the former and 144 in the latter centre as against 301 and 202 respectively in 1940.

TRANSPORTATION

Figures indicative of the development of rail traffic during the past year in Brazil are not available. It is known, however, that pressure of wartime requirements, resulting in a flow of materials of every sort, has placed a heavy strain on

the rail facilities of the country. The amount of freight hauled and carloadings have greatly increased, and freight rates have been raised in several instances. Transportation companies are faced with serious problems. Wartime call on American industries has severely curtailed shipments of maintenance material and new rolling stock to Brazil, and the Brazilian railways are looking forward to a possible serious shortage of fuel, due to the international shipping situation.

An indication of the development of transportation in Brazil, which also reflects general business conditions, is available from the figures of air-borne traffic. In 1941 a total of 99,662 passengers were carried as against 86,071 in 1940. Baggage increased from 1,335 tons to 1,612 tons. Shipments by air express in 1940 attained the high figure of 618 tons, while 736 tons were carried in 1941. The volume of mail decreased to 233 tons from 240 tons in the preceding year, probably as a result of the use of lighter paper rather than a reduction in the number of pieces of mail.

COFFEE

Brazil's coffee exports during 1941 amounted to 11,052,484 bags as against 12,097,584 bags in 1940. The percentage of Brazil's exports accounted for by coffee, which had increased to 70 in 1933, has steadily decreased as Brazil's exports have become more diversified and those of cotton have grown. Thus in 1939 coffee represented but 40 per cent of the total value of exports, in 1940 but 32.1 per cent, and in 1941 only 29.9 per cent.

Undoubtedly the sharp decline since 1939 is largely a consequence of the war, as Brazil has lost many of her most important coffee markets. At the same time wartime conditions have fostered the export of other commodities, which is also an important factor contributing to this decline. Whether or not this condition will continue after the war is highly problematical, but diversification of exports is increasing and at least a portion of this new trade will be maintained. Twenty-one principal Brazilian export products accounted for 84 per cent of the exports in 1940 and for 87 per cent in 1941. While there was an increase in the percentage represented by this group of products as a whole, the proportion credited to coffee declined.

PRICES

The total value of Brazil's coffee exports amounted to 2,017,116 contos of reis (\$107,500,000) in 1941 as against 1,595,229 contos (\$85,153,000) in 1940.

As a result of the Inter-American Coffee Quota Agreement, signed in Washington on November 28, 1940, it was possible for Brazil to obtain a higher return in 1941 as compared with 1940, even though the export volume was less. In accordance with this agreement, the export price of Brazilian coffee was fixed at a minimum of 37 milreis per ten kilos (22 pounds) for the Type 4 Santos. This price, in view of rising quotations for coffee from other sources, was later increased to 43 milreis. These quotations only applied to sales for future shipment made during the second half of 1941. Therefore, the average f.o.b. price per bag was 150.425 milreis during the first six months of 1941 and 235.416 milreis during the second half. The latter is the highest average price in milreis ever obtained for Brazilian coffee.

The following table shows the average price per bag aboard ship during the last ten years:—

Average Prices of Brazilian Coffee

	Milreis per Bag		Milreis per Bag
1932	152.820	1938	135.517
1933	132.791	1939	135.423
1934	149.468	1940	131.908
1935	140.689	1941 (January-June)	150.425
1936	157.307	1941 (July-December)	235.416
1937	175.557	1941 (annual average)	182.500

BRAZILIAN COFFEE POLICY

The outbreak of war seriously affected Brazil's coffee policy, creating great difficulties in maintaining stabilized prices, especially as Brazil lost many of her most important markets. In 1938 and 1939 Brazil exported 33,848,515 bags, the highest volume of exports during any two-year period. The Departamento Nacional de Café (National Coffee Department) has expressed the opinion that were it not for the war, the Brazilian coffee problem would have been solved. Following 1938, when exports totalled 17,203,422 bags, and 1939, when they amounted to 16,645,093 bags, there was a two-year period in which exports were reduced, in 1940 to 12,097,584 bags and in 1941 to 11,052,484 bags. In view of the circumstances, these totals might be considered very satisfactory, but they were not sufficient to prevent the accumulation of large surpluses which, with the carryover of a coming crop, might cause a serious upset in the current statistical position. To obviate this danger, a meeting of the Convention of the Coffee States was held in March, 1941.

The coffee situation at that date was as follows:—

	Bags
Estimate of the 1941-42 crop	12,700,000
1940-41 crop, to be shipped in 1941-42	5,000,000
	<hr/>
Balance on June 30, 1941 (already shipped)	17,700,000
	2,500,000
	<hr/>
	20,200,000
Probable exportation in 1941-42	11,000,000
	<hr/>
Surplus	9,200,000

The Convention suggested the institution of a sacrifice quota, to maintain market equilibrium, amounting to 25 per cent of the total of 17,700,000 bags; the 2,500,000 bags making up the balance shipped and in transit as on June 30, 1941, represented coffee already subject to sacrifice quota. However, the quota on the basis of 25 per cent was apparently insufficient, as it permitted the withdrawal of only 4,425,000 bags, while the estimated surplus on June 30, 1942, was 9,200,000 bags. This suggested quota of 25 per cent would reduce this surplus to roughly 5,000,000 bags only, almost 50 per cent of the probable exportation. This situation was considered as dangerous to the maintenance of the price level, and a higher sacrifice quota of 35 per cent was fixed. This was the most important action affecting coffee policy taken by Brazil in 1941.

INCINERATION

The quantity of coffee incinerated in Brazil during 1941 amounted to 3,422,835 bags as against 2,816,063 bags in 1940, making a total of 74,491,686 bags of coffee so disposed of up to December 31, 1941.

PRODUCTION OF MACARONI IN NEW ZEALAND

C. B. BIRKETT, ACTING TRADE COMMISSIONER

Auckland, August 13, 1942.—The Timaru Milling Company of Timaru, New Zealand, have recently completed and put into operation a modern factory for the manufacture of macaroni and spaghetti. The management looks to a successful first year's operations, since good orders are already on the books from canners, grocers and the military stores.

This is the result of considerable investigation over the past two years, involving visits to Australia to inspect factories and study methods there. A miniature plant, built to Australian blue prints, was set up in the first place for experimental purposes. On the strength of the good results achieved with

certain varieties of New Zealand wheat, the purchase of Australian machinery and the erection of the factory were proceeded with. While this machinery is not of the latest automatic type, it is new and efficient.

The present capacity of the plant is reported as up to 400 tons per year. Provision has been made, however, to permit of its being doubled if necessary. For the three years previous to 1940, imports of macaroni, spaghetti and vermicelli averaged 387 long tons, practically all of which came from Australia and Canada. New Zealand's normal consumption of this food, therefore, can more than be taken care of by the Timaru factory, and there are facilities to provide for any reasonable increased demand in the future.

Imports of macaroni into New Zealand, except from Australia, are at present prohibited; imports from that source are permitted up to 25 per cent of the total value of purchases in 1938 from British countries. In due course, as production catches up with demand, these imports will no doubt cease, the industry being licensed by the Government and entitled to full tariff protection. The New Zealand market for imported macaroni, therefore, has been lost unless the policy of protecting local industries, particularly those making use of domestic raw materials, undergoes a change.

COMMERCIAL NOTES FROM INDIA

PAUL SYKES, CANADIAN TRADE COMMISSIONER

(One rupee is approximately equal to Can.\$0.335)

CANADIAN-INDIAN TRADE

Bombay, July 14, 1942.—The value of Canadian-Indian trade continues to expand. In April, 1942, imports from Canada into India were valued at Rs.7,517,479 as compared with Rs.5,311,972 in April, 1941. Indian exports to Canada during the same month were valued at Rs.6,033,910, a large increase over the figure for April of the previous year of Rs.1,307,525. It may be noted, in this regard also, that Canada enjoyed a substantial favourable balance of trade with India during this first month of the current fiscal year. It is equally interesting to record that in this same month the United States led all sources of supply of Indian imports by a wide margin over the United Kingdom and that Iran stood in third position with Canada fourth.

IMPORT CONTROL

The Indian Government has recently imposed new restrictions against imports from Canada. The necessity of taking such action has resulted not only from the original wartime policy of conserving Canadian dollar exchange but also from the desire to conserve shipping space and from the intention to limit India's imports as far as possible to goods which are essential to war production and the basic needs of the civilian population.

The effect of these new regulations on Canadian trade to the Indian market is not expected to be particularly marked. For the past nine months there has been a progressive reduction in imports from Canada of non-essential goods consequent on the issue of restrictions and embargoes against a wide range of commodities on September 19, 1941. This trend has been intensified by the effect of export control in Canada, the pre-occupation of many industries with home market demands, and the difficulty of securing ocean freight space. The trade statistics given in the foregoing section of this report illustrate this trend.

MINERAL PRODUCTION

With the loss of Burma, India's requirements of lead and zinc must now be imported from more distant and much less accessible sources. The possibility

of developing production in India has recently been investigated by geological and metallurgical experts, and preliminary surveys reveal that one mine that has not been worked for many years may be capable of profitable exploitation. It has not yet been decided whether initial development work will be carried on by the Government and later transferred to a private company or whether such a firm will be subsidized to handle the undertaking as an independent venture.

A further development in India's mining activities is the expansion of crude sulphur output from deposits in Baluchistan. These operations are being carried on by the Government of India, while sales are controlled by the Supply Department. Indian industries are being encouraged to utilize this indigenous product whenever their processes will permit.

INDIAN WHEAT CROP

The fourth Indian wheat crop forecast for 1941-42 indicates a probable decrease in acreage from 34,562,000 in 1940-41 to 33,868,000 and an increase in output from 9,927,000 tons to 10,043,000 tons. The alterations amount to a 2 per cent increase in acreage and a 1 per cent increase in production as between the two years.

INCREASED PRODUCTION OF NON-PERISHABLE FOODSTUFFS

Government assistance to the fruit and vegetable dehydrating industry, as well as to the producers of other non-perishable foodstuffs, has led to large increases in the supply of these goods to military forces in this country and abroad. Indian industry is now manufacturing some 4,000 tons of dried fruit per year. Dehydrated potato output has reached 23,000 tons per year. Tinned cheese production is as yet no more than several hundred tons per year but is in course of expansion. Other foodstuffs of this type that are being manufactured in increasing quantities are rennet tablets, compressed vegetables, golden syrup, and margarine.

DEFENCE LOAN

The Government of India has recently announced the issue of the third defence loan. It is in the form of a reissue of the 3 per cent 1951-54 loan and will be redeemable at par not earlier than 1951 and not later than 1954. Subscriptions are being received without limit of amount. The loan appears to be assured of a large measure of public support.

APPOINTMENT OF INDIAN TRADE COMMISSIONER AT KABUL

India's trade interests in Afghanistan have for some years past been in charge of a Trade Agent at Kabul. The desirability of expanding and consolidating Indian exports to the Afghan market has led to the establishment of a Trade Commissioner's office at Kabul, in place of the former agency, and the appointment of a full-time Trade Commissioner.

This further step in the expansion of the Indian Trade Commissioner service brings the number of offices in operation to seven. Offices formerly located at Milan and Hamburg were closed as a result of the war.

EASTERN GROUP SUPPLY COUNCIL

The activities of the Eastern Group Supply Council, which has had its headquarters in India since its establishment some two years ago, have been considerably curtailed during recent months. This has resulted from the loss of Malaya and Burma, the improved efficiency in the exchange of materials between the member countries, resulting from the Council's previous operations,

and an increased concentration of industrial production in each country to meet its own particular requirements.

The Council will shortly, it is reported, be reorganized and will devote greater efforts than in the past to the development and expansion of Indian industries concerned with the output of essential war materials. Its primary function of facilitating the exchange of goods between member countries will, of course, remain as its main objective.

SCIENTIFIC RESEARCH IN AUSTRALIA

II

L. M. COSGRAVE, CANADIAN TRADE COMMISSIONER

FOOD PRESERVATION AND INVESTIGATIONS

Shortage of refrigerated cargo space for the export of foodstuffs from Australia has resulted in widespread changes in the food industry, and the Division of Food Preservation and Transport has been called upon to advise and assist with such pressing problems as the disposal of surplus fruit and the conversion of certain foodstuffs into less perishable forms suitable for shipment as non-refrigerated cargo. Close attention has been given to such matters as the preparation and storage of dehydrated eggs, meat, butter, milk, cheese and vegetables, the preparation of fruit products, substitutes for tinsplate containers, and general canning problems.

Assistance is also constantly sought in connection with the supply of foodstuffs to the fighting services overseas. Extensive investigations have been made with regard to problems arising out of the preparation and transport of first-quality boneless frozen beef. Presentation of the meat in this form would not only save valuable freight space, but would reduce the amount of preparation required in the field as compared with that required for ordinary beef quarters. Arrangements were made to forward an experimental shipment to the British Ministry of Food.

With regard to canned meat and vegetables, the particular problem of black staining of containers and contents has been studied, and several methods of protecting tinsplate from sulphide blackening have been tested. Certain locally manufactured sulphur-resistant lacquers proved satisfactory for most products but not for sausages. This product can be successfully packed in lacquered cans only when certain imported lacquers are used, but lacquers of a similar type, manufactured in Australia, have given encouraging results in laboratory tests and are now being subjected to commercial trials.

Another process for the prevention of black staining in food cans, known as "oxide filming", has given particularly promising results with a variety of foods, and the Division is now co-operating with several canning organizations in designing plant suitable for large-scale application of this process.

FISHERIES INVESTIGATION

To meet the demands of wartime conditions, certain modifications were made in the Division's program of investigations with a view to increasing activities likely to promote the production of marine foodstuffs. The need for fish products to replace Australia's former imports of these items is urgent, and widespread investigations have recently been conducted by the Division concerned. As a result the potentialities of the mackerel and the Tasmanian sprat as substitutes for herrings and sild respectively have been demonstrated, and tests are continuing.

Further experience was gained during the year regarding the mass-catching of tuna by the live-bait method, which cannot be undertaken until a regular supply of live bait is assured. Owing to the sporadic occurrence of pilchards and anchovy in surface waters, this can apparently only be done by a system of penning, which is now being considered. Promising results were obtained in the ring-netting of pilchards and sprats, and a research vessel has been equipped with a range of specific types of nets now shown to be necessary for making definite tests in the capture of pelagic fish under the peculiar conditions prevailing in Australian waters. The presence of pilchards was noted in Tasmanian waters for the first time during these investigations.

In tuna fishing it has been determined that the only practical method yet established is trolling. From evidence available it appears that this method is economically sound for small vessels on the south coast of New South Wales in the spring months (August, September and October), but the yield by trolling in the Tasmanian area is apparently too low to be consistently profitable. Unfortunately, however, owing to a combination of causes, trolling on a commercial basis has not yet been established on the New South Wales coast.

CANNING

On account of the uncertainty of an assured market for processed tuna, canneries were reluctant to engage in extensive packing. The prospect of military contracts removed this difficulty, but lack of boats and refrigeration facilities were additional handicaps. Further investigations with regard to southern herring (*Harengula castelnaui*) tend to confirm the opinion that this species is present in the bays and estuaries of northern New South Wales and southern Queensland at all times of the year and, although there are probably insufficient quantities to justify separate canning operations, the species could serve to augment cannery supplies.

Investigations continue with regard to the breeding habits and spawning periods of salmon found in the coastal waters of New South Wales and Victoria and in the northern and eastern Tasmanian waters, and precise biological investigations are progressing with the object of establishing the validity of the previously formed impression that two separate stocks inhabit the eastern waters of Australia.

FISH SMOKING

Study of the smoking of fish has also been made and, with a gradual improvement in methods, manufacturers of pastes are recommended to utilize Australian products in view of the shortage of imported fish for this purpose.

NATIONAL STANDARDS LABORATORY

This particular Division of the Council for Scientific and Industrial Research was active during 1941-42. New buildings and equipment have been installed for the important work of the Metrology, Electrotechnology and Physics sections, and almost the whole of their resources have been devoted to confidential investigations on behalf of the fighting services and war industries, including examination by the Metrology Section of new gauges, tools and fixtures before acceptance and the important investigations of the Physics Section of the manufacture and source of supply of jewel bearings and optical glass and the application of radiological methods in the testing of aeroplane castings.

INDUSTRIAL CHEMISTRY

Following the formation of the Division of Industrial Chemistry, new laboratories were erected to permit of extensive investigations and experiments

in this important field. Although work on all subjects has proceeded wherever possible, an endeavour has been made to select problems bearing directly on the conduct of the war and national defence. On the other hand, post-war problems have not been entirely disregarded. Since the security of the British Commonwealth is becoming increasingly dependent upon the industrial productive capacity of its components, a broad interpretation has been placed upon what is meant by "defence work". Thus it is considered that every expansion of established industry in Australia and of those new industries that are economically sound increases the ability of the British Commonwealth as a whole to withstand aggression.

WOOL AND SHEEPSKINS

Large-scale tests have been conducted, in collaboration with commercial interests in Sydney and Melbourne, of a process for rendering wool and woollen piece-goods shrink-proof. Although tests have been encouraging, some manipulative difficulties must be overcome before the process can be recommended for widespread adoption, assuming that manufacturers are satisfied concerning costs. Tests of improved methods for continuous treatment of tops and for batch treatment of piece-goods are being conducted with all possible speed to permit of an authoritative statement at an early date. Arrangements have been made with the Wool Industries Research Association of Great Britain for a demonstration treatment plant to be erected in Victoria to enable Australian investigators to become conversant with the process developed by a sister institution in England. Wool being of the utmost importance to Australia as a whole, the continuance of the fundamental investigations of its physical and chemical properties is considered most essential even in wartime. One shrink-proofing process perfected by the Council as a result of these studies is expected to assist Australian woollen goods to withstand competition from imported substitutes in the post-war period.

Other investigations conducted with regard to Australia's staple industry deal with the recovery of wool wax and with fellmongery. Wool wax, formerly marketed as lanolin when refined, did not have an outlet sufficiently large to encourage the installation of recovery plants at all woollen mills. Extensive experiments are now being carried out in an endeavour to ascertain more accurately the nature and percentage of constituent organic acids and alcohols and to devise methods for their isolation and uses.

France formerly treated 70 per cent of Australia's sheepskins, and the limited number of local fellmongeries are now attempting to put through much larger numbers of skins than normally. In northern Australia the fellmongeries use what is known as the "sweating process" to bring the skins into such a condition that the pelt and the wool are easily separated one from the other. In Victoria painting with a depilatory is adopted to effect the same purpose. The sweating process is likely to harm the pelt, and the painting process the wool. It is anticipated that the research work now in progress will eliminate much of the uncertainty, loss of materials and unpleasant nature of this work.

MINERALS

Major investigations in this field are concerned with the exploitation of certain beach sands of the northern coast of New South Wales. Possibilities in this direction were originally investigated and exploited by a Canadian organization. It is estimated that there are available at least a million tons of what may be described as a mixed concentrate of zirconium and titanium minerals, with a smaller amount of monazite sand. No better deposit of zirconium mineral is known. This material was being shipped in a reduced or concentrated form to the Niagara Falls area for processing, although another

firm has succeeded in separating it into a zircon concentrate, a mixed rutile-ilmenite concentrate, and a low-grade monazite concentrate. From the zircon concentrate excellent refractory bricks and glazes for the ceramic industry, particularly for electric insulators, can be produced, as well as a variety of zirconium alloys which will be receiving attention in the near future. From the mixed rutile-ilmenite concentrate will be produced the two constituent titanium minerals in pure form after further research work is completed. Titanium compounds are widely used as fluxes in welding, as constituents of smoke screens and paints, and in the manufacture of cutting tools (titanium carbide). Large quantities of titanium white, now included in the list of prohibited imports, were formerly imported for the manufacture of white paints. The monazite concentrate could be utilized in the manufacture of a number of valuable products, from pyrophoric alloys to embalming compounds, from tracer bullets to searchlight carbons, from ceramic glazes to triplex glass.

Work is proceeding in Western Australia to develop a process for the utilization of extensive alunite deposits on certain lake beds in that state, from which it is expected that potassium sulphate on a commercial basis will be obtained. Investigations are also being conducted to ascertain whether local pyrolusite can be substituted for the imported material used in the manufacture of dry cells.

PRODUCER GAS

In view of the increased efforts being made to conserve petrol and other vehicle fuels, the study of Australian hardwoods for the production of charcoal for use in producer-gas units has been expanded. Chemical values of charcoals obtained from various hardwoods have been investigated and standardized, and specifications have been drawn up for the guidance of unit manufacturers and users.

SUMMARY

It will be observed from the foregoing that scientific, industrial and economic progress in the Commonwealth has moved forward with the outbreak of war. Studies and investigations that were previously regarded as long-term activities are, where they have some direct bearing upon the country's war effort, receiving immediate and concentrated attention. From this progress and the gratifying results being obtained in many fields it may be assumed that the termination of hostilities will find Australia well on the way to being at least partially self-sufficient in many directions, and it is reasonable to suppose that a marked reorientation of her commercial life, with particular regard to the question of imports and overseas trade generally, will be manifest with the return of peace.

Further technical details regarding the various investigations outlined above may be obtained by interested Canadian firms on application to the Department of Trade and Commerce, Ottawa (quote file No. 16987).

CITRUS PRODUCTION OF CALIFORNIA AND ARIZONA

T. J. MONTY, ACTING TRADE COMMISSIONER

Los Angeles, September 14, 1942.—California and Arizona produce practically 70 per cent of all citrus fruits consumed in the United States. Citrus production is divided approximately as follows: oranges, 62 per cent; grapefruit, 29 per cent; and lemons, 9 per cent. The citrus crop of California for 1940-41 was valued at \$93,000,000, over \$40,000,000 more than grapes or hay, the next ranking crops in value. However, the citrus groves of California cover only 0.3 per cent of the total area of the state, or approximately 330,000 acres extending from the Mexican border north to Tehama County. The State of

Arizona has nearly 21,000 acres of citrus fruits, located principally in the Salt River Valley.

The California Fruit Growers Exchange, the largest marketing organization for California and Arizona citrus, is purely a co-operative, operating at cost in the interests of member growers. By efficient advertising and merchandising methods their high-grade "Sunkist" trade-mark has long been a familiar and recognized brand throughout the United States and in several foreign countries.

Citrus fruits have not been affected by the price control regulations. On May 31, 1942, canned citrus fruits and citrus juices were exempted from the price control ceiling, namely: canned grapefruit and grapefruit juice, orange juice, lemon juice, lime juice, concentrated citrus juices, and blended orange and grapefruit juice. This exemption does not apply to canned fruit salad or fruit cocktail, of which orange and grapefruit are ingredients.

The industry at present is facing adjustment to conditions arising from the war, notably shortages in farm labour and essential materials. The availability of nails, pest-control equipment and fertilizers is presenting some difficulty. Box shooks have increased substantially in price. Cotton duck for the manufacture and repair of fumigating tents cannot at present be obtained. So far there has been no scarcity of tissue paper wraps.

Exports of United States citrus products have been principally to Canada. During the calendar year 1939 the United States exported a total of 6,297,367 boxes of oranges, 1,179,253 boxes of grapefruit and 791,943 boxes of lemons, of which 3,591,625 boxes, 845,300 boxes and 428,423 boxes respectively were shipped to Canada, and 853,554 boxes, 162,816 boxes and 240,581 boxes respectively to the United Kingdom.

ORANGES

The State of California has 232,444 acres of oranges in full bearing, of which Valencias comprise 65 per cent. Valencia, or summer oranges, ripen throughout May to October. Navel and other winter varieties ripen from November to April. The Valencia is a delicious, heavily juiced orange, oblong in shape and practically seedless. The Navel has fine eating qualities, is high in colour and entirely seedless.

Over the ten-year period 1930-39 California has provided practically 60 per cent of the nation's entire orange crop, and Florida has accounted for 35 per cent.

Total production of oranges in California for the 1941-42 season is estimated at 50,748,000 boxes, of which 29,250,000 boxes represent Valencias, and 21,228,000 boxes Navel and other varieties. Last season's production of oranges in California amounted to 49,478,000 boxes. Arizona is expected to produce 600,000 boxes in 1941-42 as against 500,000 boxes last year. The United States total production is estimated at 83,596,000 boxes as against 84,082,000 boxes for the previous year.

MARKETING

The marketing of California and Arizona oranges since 1933 has been under the control of the Federal Marketing Order, but in December, 1941, the Order became inoperative owing to the failure of the administrative body to agree on weekly shipments. However, in this connection the United States Department of Agriculture held a public hearing in Los Angeles in April of this year and as a result has now submitted a referendum to the orange growers on a proposed new Order. This Order will provide for a weekly regulation of shipments similar to the old Order, pro-rating of districts, acceleration of movement of early maturing oranges, and will be administered by a committee of seven members. Three of these members will be selected by the California

Fruit Growers Exchange, one by other co-operative organizations and two by growers not belonging to co-operatives; these six members are to be growers who shall not be handlers or employees of handlers and they will nominate a seventh member to serve on the committee, who would not be a grower or handler or in any way directly associated with the production or marketing of oranges.

CONSUMPTION

The consumption of summer oranges in the United States in 1941 aggregated 25,671,000 boxes as compared with 22,577,000 boxes in 1940. Consumption of winter oranges was 38,152,000 boxes as compared with 34,508,000 boxes in 1940.

This season several factors have stimulated the demand and the price of oranges, principally the increased buying power of consumers, decreases in supplies of competing fruits such as canned pineapple and bananas, and also the tremendous demand created by lend-lease and army requirements for orange products. In June of this year 8,430 cars of oranges were shipped from California, on which an average auction price of \$4.10 per box was realized. In June of 1941 a total of 6,173 cars of oranges was shipped and these averaged \$2.81 per box. Throughout July the demand for oranges continued active, California shipping 10,000 cars despite the strong competition from peaches entering the market. This favourable demand for oranges is expected to continue.

During the entire crop year of 1940-41 the average price realized for California oranges at ten of the principal auctions in the United States was \$3.75 for summer oranges and \$3.02 for the winter variety. Florida oranges averaged \$2.35 per box during the Florida shipping season in 1940-41, and California oranges during this period averaged \$3.15 per box. The California f.o.b. price for summer oranges in 1941 was \$2.36 per box, and for the 1940-41 winter varieties it averaged \$1.80 per box.

The on-tree farm value of California's 1941 Valencia crop was \$41,593,000 as compared with \$28,512,000 for the previous year. The value of Navel and other 1940-41 winter varieties was \$18,719,000 as compared with \$15,503,000 for the previous year.

United States exports of summer oranges for the 1941 season totalled 1,930,000 boxes as compared with the five-year average (1935-39) of 2,742,000 boxes. Export of winter oranges for the 1940-41 season totalled 2,366,000 boxes as against an average of 2,652,000 boxes for the previous five years.

GRAPEFRUIT

California has an area of 16,279 acres of grapefruit, of which 15,006 acres are in full bearing. This acreage is located mainly in the Desert Valley of Southern California. The outstanding variety grown is the Marsh Seedless.

Grapefruit production for the season 1941-42 is estimated for the State of California at 2,357,000 boxes; Arizona, 3,100,000 boxes; and Texas, 14,500,000 boxes. In the previous year, 1940-41, California produced 1,983,000 boxes; Arizona, 2,650,000 boxes; and Texas, 13,800,000 boxes. California and Arizona production averages approximately only 10 per cent of the United States grapefruit crop, whereas the State of Florida produces over 50 per cent. The total United States production for the 1941-42 season is estimated at 39,357,000 boxes as against 43,033,000 boxes for the previous year.

The utilization of the country's grapefruit crop for canning purposes has more than doubled since 1937. Preliminary figures for 1940-41 indicate that approximately half the production was canned, 48 per cent utilized in the fresh form, and the remaining 2 per cent diverted to channels other than fresh and canned fruit.

LEMONS

The State of California produces the entire commercial lemon crop of the United States. In 1940-41 the United States accounted for 62 per cent of the world's supply, the highest percentage yet recorded. Small plantings of lemons in California began about ten years ago. In 1941 there were 54,058 acres in full bearing, showing considerably more acreage than for grapefruit in California. The main varieties grown are Eureka and Lisbon.

Latest figures for the 1941-42 lemon crop indicate a production of 12,420,000 boxes, a marked decrease from the previous year's production of 17,099,000 boxes, due mainly to the severe frosts experienced late in March.

Consumption of lemons in the United States for the 1940-41 season totalled 8,719,000 boxes as compared with an average of 6,888,000 boxes over the past five years (1935-40). The increase in consumption was attributed mainly to the stabilizing effect of the federal lemon pro-rate program, as well as high summer temperature and an extended Sunkist advertising campaign.

The 1940-41 season average f.o.b. price of California lemons was \$2.94 per box as against \$3.02 per box for the previous season. Prices in June and July of this year showed a decided slump, the main reason being the lack of sustained summer weather.

The on-tree farm value per acre in 1940-41 was around \$308 and the cultural cost per acre \$225, leaving a net income per acre of \$83, exclusive of interest on investment and depreciation on trees. For the five-year period 1935-40 the on-tree farm value averaged \$365 per acre, and the net income was \$111 per acre.

Prior to 1930-31 the United States imported a substantial quantity of the lemons consumed in the country, but since that time imports have declined and for the past three seasons none has been recorded. Conversely exports from the United States increased. In 1938-39, exports reached the highest peak on record, 831,000 boxes being shipped to foreign countries, but since the outbreak of war the United Kingdom and European markets have been curtailed, and lemons are now exported principally to Canada. In 1939-40 over 93 per cent of the total exports, or 439,000 boxes, went to the Dominion. United States exports for 1940-41 approximated 510,000 boxes, the average over the past five years (1935-40) being 582,000 boxes.

BY-PRODUCTS

The citrus by-products industry utilizes the unmerchantable and surplus fruit that otherwise would glut the market and depress prices, and in most cases the industry does not compete with fresh citrus. Several companies in California manufacture citrus by-products, the two principal plants being affiliated with the California Fruit Growers Exchange.

In 1940-41, sales of citrus by-products were valued at \$7,000,000, the highest value recorded. Domestic demand for citric acid was far in excess of supplies, and bottled beverages, which consume a large portion of the orange and lemon juice products as well as citric acid, showed greater activity. The use of pectin by the medical profession and in infant and invalid foods also increased, while sales of lemon oil were the largest in history. Until a few years ago orange pulp was merely waste, but now it is being carefully dried and used as feed for cattle.

Exports of by-products in 1940-41 amounted to over 10 per cent of the total by-products business transacted during that year. During the past year the lend-lease program opened an extensive market for citrus products and concentrates, notably concentrated orange juice, canned grapefruit juice and citrus pectin. Apart from shipments to Great Britain under the Lend-Lease Act, some exports were made to South Africa and Palestine and also to Central and South America.

CONTROL OF EXPORTS: ADDITIONS TO LIST OF PRODUCTS AFFECTED

By Order in Council P.C. 8265, effective September 21, 1942, the commodities enumerated below are added to the list of those the exportation of which to any country is prohibited except under permit issued by the Export Permit Branch, Department of Trade and Commerce.

By Export Permit Branch Order No. 45, also effective September 21, 1942, certain of these commodities are exempt from requiring an export permit when shipped to any part of the British Empire or to the United States; the exempted commodities are indicated by asterisks.

GROUP 1—AGRICULTURAL AND VEGETABLE PRODUCTS

Arrowroot.
Chicory.
Flavouring powders, custard powders and jelly powders.
Fruits and peels, crystallized or candied.
Fruits, dried and evaporated.
Ginger, preserved.
Nuts, edible, n.o.p.
Peanut butter.
Vanilla beans.
Vegetable oils and fats—
 Citrus oils.
 Vegetable oils and fats, edible and inedible, n.o.p.

GROUP 2—ANIMALS AND ANIMAL PRODUCTS

Animal oils, n.o.p.
Rennet preparations.

GROUP 3—FIBRES, TEXTILES AND TEXTILE PRODUCTS

*Feather manufactures.
Flax—
 Fabrics composed wholly or in part of flax.
 Articles composed wholly or in part of flax.

GROUP 4—WOOD, WOOD PRODUCTS AND PAPER

*Douglas fir: sawed or hewn timber, boards, planks and scantlings.
*Balsa and manufactures.
*Hemlock: sawed or hewn timber, boards, planks and scantlings.
*Cedar: logs, sawed or hewn timber, boards, planks and scantlings.
*White pine: logs, sawed or hewn timber, boards, planks and scantlings.
*Spruce: sawed or hewn timber, boards, planks and scantlings.
*Softwoods, n.o.p.: sawed or hewn timber, boards, planks and scantlings.

GROUP 5—IRON AND STEEL (INCLUDING ALLOY STEEL) AND THEIR PRODUCTS

*Bicycle parts and accessories.
 Dairy equipment and parts.
*Dredging machinery parts.
*Parts for engines, Diesel and semi-Diesel marine, stationary and portable.
*Parts for engines, internal combustion, n.o.p.
*Excavating and power shovel parts.
 Hardware, builders', furniture and cabinet-makers'.
 Hardware, saddlery and harness.
 Household machinery parts.
 Hollow-ware, flatware, utensils and containers, of iron or steel, coated or not.
 Laundry and dry-cleaning equipment and parts.
*Motor-cycle parts and accessories.
 Parts for office machinery and appliances.
 Rivets and washers.
 Scales, balances and weights.
 Wheelbarrows.
 Wire, n.o.p., and wire manufactures, n.o.p.

GROUP 6—NON-FERROUS METALS AND THEIR PRODUCTS

*Lead, fabricated.
 Petroleum ashes, soot and residues, containing vanadium.

GROUP 7—NON-METALLIC MINERALS AND THEIR PRODUCTS

*Graphite products, n.o.p.

GROUP 9—MISCELLANEOUS

Buttons and parts.

*Photographic and projection apparatus and supplies.

*Scientific and professional instruments, apparatus and supplies.

By Order in Council P.C. 8492, effective October 1, 1942, the following will require an export permit before being shipped from Canada to any destination:

GROUP 2—ANIMALS AND ANIMAL PRODUCTS

Sheep and lambs, live; mutton and lamb, dressed, and other edible mutton and lamb products.

IMPORTS INTO THE UNITED STATES OF PRODUCTS UNDER THE QUOTA PROVISIONS OF THE TRADE AGREEMENT

The following table, prepared by the Canadian Trade Commissioner's office in New York from preliminary figures issued by the Treasury Department at Washington, D.C., shows the standings of the quotas provided for under the Canada-United States Trade Agreement (signed November 17, 1938) up to August 29, 1942:—

Unit	Total Quota	Reduction in Duty from 1930 Tariff Act	Used by Canada to August 29, 1942	
			Quantity	Per Cent
Cattle (700 lb. or more)Head	225,000	3 to 1½c. per lb.	116,363	51.7
Cattle (less than 200 lb.)Head	100,000	2½ to 1½c. per lb.	60,925	60.9
Whole milkGal.	3,000,000	6½ to 3¼c. per gal.	3,553	0.1
CreamGal.	1,000,000	56½ to 28¾c. per gal.	546	....
Filleted fish, fresh or frozen: cod, haddock, hake, pollock, cusk and rosefishLb.	15,000,000	2½ to 1¼c. per lb.	10,440,539	69.6
Seed potatoesBu.	1,500,000 beginning Sept. 15, 1941	75 to 37½c. per 100 lb.	550,509	36.7
White or Irish potatoes, other than seed potatoesBu.	1,000,000 beginning Sept. 15, 1941	75 to 60c. per 100 lb. Dec. 1 to end of Feb.; 37½c. Mar. 1 to Nov. 30	20,897	2.1
Red cedar shinglesSq.	2,617,111	Free	2,113,641	80.7
Silver or black foxes, furs and articles:				
*Foxes valued under \$250 each and whole furs and skinsNo.	100,000 beginning Dec. 1, 1941	50 to 35% ad val.	41,130†	41.1
TailsPiece	5,000 beginning Dec. 1, 1941	50 to 35% ad val.	5,000	Quota filled

* The duty on live foxes of 15 per cent ad valorem, the rate fixed in the Tariff Act of 1930, is not affected by the agreement.

† The imports from Canada of 41,130 foxes valued under \$250 each and whole furs and skins are for the period December 1, 1941, to April 30, 1942. Imports from countries other than Canada for this period totalled 23,608. For the period May 1 to November 30, 1942, the United States set the quota allotment at 41,774 for all countries, and for the months of May, June, July and August imports totalled 15,738. However, there is no indication in the statement by the Treasury Department as to what proportion of these imports was supplied by Canada.

During the third quarter of 1942 Canada shipped 19,652 head of cattle weighing 700 pounds or more, other than dairy cattle, to the United States, or 37.9 per cent of the quarterly quota allotment of 51,720 head provided for by the United States. The third quarter allotment of 8,280 head from countries other than Canada was filled, and receipts over and above this amount were subject to the full rate of tariff.

TARIFF CHANGES AND TRADE REGULATIONS

Barbados

LICENCES FOR BULK PURCHASING OF FOODSTUFFS

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain reports that import licences are now being issued in Barbados for the purchase of foodstuffs except potatoes and onions and canned milk.

Importers are obliged to inform the Barbados Food Controller of all orders placed, and this information will be forwarded weekly to the Colonial Supply Liaison Officer at Washington. Arrangements for the quantities and types of foodstuffs to be shipped will be made by the Colonial Supply Liaison Officer in consultation with the Food Controller. Allocation of shipping space will be made in accordance with the arrangements outlined in *Commercial Intelligence Journal* No. 2014 (September 5, 1942), page 225.

DUTIES ON TOBACCO INCREASED

A Barbados customs tariff amendment of June 2, 1942, increased the duty on tobacco leaf by 1s. per pound. The new rates are 5s. 8d. per pound on unstemmed and 7s. 2d. on stemmed. There is no lower British preferential rate. At the same time the duty on cigarettes was increased 1s. 10d., making the rates 11s. per pound British preferential and 13s. general tariff. The duty on other manufactured tobacco (excluding cigars and cheroots) was also increased 1s. 10d. to 6s. 5d. and 7s. 8d. per pound British preferential and general tariffs respectively.

Newfoundland

DETERMINATION OF MILK PRICES

The Commissioner for Public Health and Welfare in Newfoundland on September 3 issued Food (Current Prices) Order No. 4, 1942, to the effect that the price of raw liquid cows' milk shall not exceed 6 cents per half pint, 12 cents per pint, 21 cents per quart, or 84 cents per gallon when sold in these quantities. The price of pasteurized cows' milk was fixed at 8 cents per gallon higher.

United States

DUTY AND TAX ON FISH-LIVER OIL

The United States Customs Court, in a decision published on September 17, overruled the claim of an importer that certain fish-liver oil is free of duty under Paragraph 1669 of the Tariff Act of 1930, as an unspecified natural drug of animal origin. The fish-liver oil in question was ruled subject to duty of 10 per cent ad valorem under Paragraph 34 of the Tariff Act as a drug of animal origin and also subject to the tax of 3 cents per pound imposed under Section 601(c) of the Revenue Act. The Revenue Act imposes this tax on "fish oil (except cod oil, cod-liver oil, and halibut-liver oil)." The question at issue, the Court said, was not whether fish livers are classifiable as fish but whether fish-liver oil is fish oil or not. It was held that the common definition of the term "fish oil" clearly includes fish-liver oil.

Mexico

CONSULAR INVOICE FEES TO BE PAID IN ADVANCE

Mr. C. S. Bissett, Canadian Trade Commissioner at Mexico City, writes under date September 21, 1942, that, effective July 1, 1942, the payment of the Mexican consular invoice fee of 5 per cent ad valorem must be made in

advance to Mexican Consulates by all shippers on the American continent. The present decree rescinds that of December 30, 1939, which permitted collection of the consular invoice fee at destination.

Guatemala

DUTY ON PAINTS

Mr. C. S. Bissett, Canadian Trade Commissioner at Mexico City, writes that under a Guatemalan decree, effective August 20, 1942, new items have been added to the tariff of Guatemala for paints in blocks, tubes, bars or pastes, in bulk, in cases, or in sets of colours, for oil pictures and for pictures in water colour, pastel, gouache and tempera, the rate on which is established at 0·60 quetzals per kilogram gross. The same decree increases the rate on paints not otherwise provided for, prepared in any form, from 0·10 to 0·20 quetzal per kilogram gross. (The quetzal is equal to the United States dollar and a kilogram equals 2·2 pounds.)

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING SEPT. 28, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, September 28, 1942, and for the week ending Monday, September 21, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Sept. 21	Nominal Quotations in Montreal Week ending Sept. 28	Official Bank Rate
Great Britain.	Pound	4.8666			
		Buying	\$4.4300	\$4.4300	2
		Selling	4.4700	4.4700	—
United States.	Dollar	1.0000			
		Buying	1.1000	1.1000	1
		Selling	1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
		Bid	4.4200	4.4200	—
		Offer	4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
		Official	.3304	.3304	3½
		Free	.2634	.2631	—
Brazil.	Milreis (Paper)	.1196			
		Official	.0673	.0673	—
		Free	.0571	.0571	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
		Official	.0574	.0574	3-4½
		Export	.0444	.0444	—
Colombia.	Peso	.9733	.6334	.6334	4
Venezuela	Bolivar	.1930			
		Official	.3313	.3313	—
		Free	.3330	.3330	—
Uruguay.	Peso	1.0342			
		Controlled	.7307	.7307	—
		Uncontrolled	.5852	.5852	—
South Africa.	Pound	4.8666			
		Bid	4.3862	4.3862	3
		Offer	4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
		Bid	4.5380	4.5380	—
		Offer	4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
		Bid	3.5300	3.5300	3
		Offer	3.5760	3.5760	—
New Zealand.	Pound	4.8666			
		Bid	3.5440	3.5440	1½
		Offer	3.5940	3.5940	—

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Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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CONTROL OF CANNED GOODS IN THE UNITED STATES

L. H. AUSMAN, ASSISTANT TRADE COMMISSIONER

New York, September 30, 1942.—A report entitled "Canned Fruit Prices in the United States," published in *Commercial Intelligence Journal* No. 2008 (July 25, 1942), page 84, included a table showing the percentages of certain canned fruit and vegetable outputs that canners are required to set aside for government use. In an effort to spread the supply of canned goods for civilian consumption more equitably among wholesale and retail distributors and to provide more even distribution to consumers in all parts of the country, the War Production Board on September 26 issued Order M-237. This order, covering practically all important consumer products, establishes three quota periods for canners' deliveries. In the period up to November 30, 1942, each canner may deliver 35 per cent of his 1942-43 season's supply of restricted canned foods available for civilians. Between December 1, 1942, and March 31, 1943, he may deliver another 35 per cent of his total, and on or after April 1, 1943, he may deliver the remaining 30 per cent.

Deliveries to the Army, Navy, Lend-Lease and other specified government agencies are exempt from the delivery restrictions.

SUPPLIES AVAILABLE FOR CIVILIAN CONSUMPTION

The pack of fruits, vegetables and juices for the 1942-43 marketing year is estimated by the trade to be approximately 273,000,000 cases, an all-time high reflecting a large increase in the production of agricultural truck crops for processing. This compares with a total pack of 250,000,000 cases in the 1941-42 marketing year and an annual average of about 200,000,000 cases in the five-year period 1936-40.

Of the estimated 273,000,000 cases to be packed in 1942-43, approximately 73,000,000 cases will be set aside for the armed forces and for lend-lease purposes. This will leave about 200,000,000 cases, or 73 per cent, for civilians—about one and one-half cases (36 cans) per person.

The following table shows the total amount of canned fruits, vegetables and juices of the 1942-43 pack which, it is estimated, canners may deliver to wholesale and retail distributors during the several quota periods:—

Estimated Deliveries by Quota Periods

	Up to Nov. 30, 1942	Dec. 1, 1942, to Mar. 31, 1943	On and after Apr. 1, 1943	Total
Fruits (cases of 24 No. 2½)	14,675	14,675	12,578	41,928
Fruits and vegetable juice (cases of 24 No. 2½)	13,407	13,407	11,491	38,305
Vegetables (cases of 24 No. 2)	41,669	41,669	35,717	119,056
Total, all groups	69,751	69,751	59,786	199,289

FRUITS AND VEGETABLES COVERED BY NEW ORDER

The following products, whether packed in metal or in glass, are covered by the new Order:—

<i>Fruits</i>	<i>Vegetables</i>	<i>Fruit and Vegetable Juice</i>
Apples (including crabapples)	Artichokes	Apple
Applesauce, including sauce from crabapples	Asparagus	Beet
Apricots	Beans, green and wax	Carrot
Berries, all kinds	Beans, green soya	Celery
Cherries, red sour, pitted	Beans, Lima	Cherry
Cherries, sweet	Beans, shell	Cranberry
Combinations of oranges and grapefruit	Beets	Berries, all
Cranberries, including sauce and jelly	Broccoli	Grape
Figs	Brussels sprouts	Grapefruit
Fruits for salad	Cabbage	Grapefruit and orange combination
Fruit cocktail	Carrots	Lemon
Grapefruit	Carrots and peas	Lime
Oranges	Celery	Orange
Peaches, including nectarines	Cauliflower	Pineapple
Pears	Corn, including corn-on-cob	Prune
Pineapples	Mushrooms	Sauerkraut
Plums	Okra	Spinach
Prunes	Onions	Tomato and tomato cocktail
	Peas	Vegetables, mixed
	Peppers and pimentos	All fruit nectars
	Potatoes, white	
	Pumpkin and squash	
	Spinach and other green leafy vegetables	
	Succotash	
	Sweet potatoes and yams	
	Sauerkraut	
	Tomatoes, whole or parts	
	Tomato puree and pulp	
	Tomato paste	
	Tomato sauce	
	Vegetables, mixed, including vegetables for salad	

No restrictions are placed on jams, jellies, marmalades, preserves, pickles, relishes, soups or packed foods for infants and invalids.

CHILEAN MARKET FOR WATERPROOFED FABRICS

M. J. VECHSLER, CANADIAN TRADE COMMISSIONER

Santiago, September 5, 1942.—Chile has a small but flourishing industry devoted to the manufacture of waterproof clothing. The fabrics are not manufactured in the country and must be imported. Prior to the outbreak of hostilities these were obtained principally from the United Kingdom, Japan and the United States. Since that time the United States, the United Kingdom and Canada have shared this trade, Canadian fabrics being introduced for the first time in 1941.

During 1940, the last year for which statistics covering this commodity are available, waterproofed fabrics of cotton impregnated with rubber or its substitutes were imported to the amount of 674,062 pounds valued at \$129,537 (Canadian currency). Imports of similar fabrics of wool, were valued at \$13,730, while the value of imports of those of silk amounted to \$480. Duties on all three types are levied on a weight basis, amounting to 6 Chilean pesos per gross kilo for those of cotton (approximately 22·2 cents Canadian currency per 2·2 pounds); 12 pesos per gross kilo for those of wool, and 60 pesos per gross kilo for those of silk. Certain additional charges are also imposed at time of importation.

The high duties on waterproofed made-up garments practically prohibit their importation into the country.

Six factories operate in this trade, of which five are in Santiago and one in Valparaiso. The articles produced include suits for power companies, mines, cement factories, railways, police forces, and the Chilean army, air force and navy. Capes and ordinary raincoats are also manufactured for the general wholesale and retail trade.

IMPORTS

The following table shows the importations into Chile in 1940 by countries, weight being in gross kilos (of 2·2 pounds) and values in Chilean pesos (of 6d. gold).

Imports into Chile of Waterproofed Fabrics in 1940

	Kilos	Pesos
Cotton, waterproofed with rubber or its substitutes:		
Germany	6,548	48,830
Argentina	2,065	18,778
United States	99,933	444,350
France	81	418
United Kingdom	41,842	211,833
Netherlands	438	3,695
Honduras	6,042	13,670
Italy	5,003	31,708
Japan	143,999	300,695
Switzerland	441	5,498
Totals	306,392	1,079,475
Wool, waterproofed with rubber or its substitutes:		
Germany	579	8,253
Argentina	97	1,095
France	8	26
United Kingdom	5,161	102,150
Italy	280	2,900
Totals	6,125	114,424
Silk, waterproofed with rubber or its substitutes:		
Germany	99	728
Argentina	40	435
United States	173	2,837
Totals	312	4,000

ECONOMIC CONDITIONS IN BRAZIL IN 1941

L. S. GLASS, CANADIAN COMMERCIAL ATTACHÉ

II

(The average value of one conto, equal to 1,000 milreis, was \$50.70 Canadian in 1941 and \$50 in 1940; one metric ton equals 2,204 pounds; one kilo equals 2.2 pounds)

COTTON

In 1930 the production of cotton in Brazil was of practically no importance and exports were negligible. Since that date, however, production has rapidly increased to the point that Brazil now occupies fourth place among cotton-producing countries. In 1941 it was 521,600 metric tons as against 468,695 tons in 1940, an increase of nearly 53,000 tons, or over 10 per cent.

EXPORTS

Raw cotton exports in 1941 amounted to 288,274 metric tons valued at 1,010,355 contos (\$54,000,000) as compared with 224,265 metric tons valued at 837,955 contos (\$44,000,000) in 1940. Despite the loss of European and Asiatic markets, the movement of cotton exports was very satisfactory, as there was an increase of 64,009 metric tons valued at 172,400 contos as compared with 1940. The greater part of Brazilian exports went to Canada and the United Kingdom.

The consumption of cotton by domestic industries also increased owing to the greater exports of Brazilian cotton manufactures.

Cotton continues to be the second Brazilian export commodity, accounting for 22 per cent of the total export value. This percentage is made up by 15 per cent raw cotton and 7 per cent cotton by-products and manufactures. Exports of raw cotton represented 47.8 per cent of production in 1940 and 53.3 per cent in 1941.

Cotton exports from Brazil were affected by the war, due to the loss of European and Asiatic markets. This loss, however, had no effect on sales, as those markets were replaced by North and Central American countries. At the outbreak of war Europe was the principal market for Brazilian cotton, followed by Asia, and in 1940 Japan and China were the principal purchasers. In 1941, however, exports to European and Asiatic countries decreased heavily, shipments to Europe amounting to only 22 per cent and those to Asia to 32.3 per cent of the total exports. Sales to North and Central America, however, increased substantially, amounting to 41.2 per cent of the total exports.

Canada was the most important purchaser in 1941, with 61,624 metric tons at a value of 204,809 contos de reis, or \$10,910,000, as against 22,695 metric tons at 70,007 contos de reis, or \$3,700,000, in 1940. The United States occupied second place, having purchased 54,769 metric tons at 180,203 contos, or \$9,680,000, as against 5,175 metric tons valued at 16,424 contos, or \$860,000, in 1940.

COTTON PRODUCTS

Shipments of all cotton products, except raw cotton, from Brazil are increasing, exports in 1941 amounting to 168,516 metric tons valued at 482,698 contos, or \$25,800,000.

There has been a noteworthy development in this industry since 1939, when the value of exports from Brazil of cotton by-products and manufactures amounted to 203,000 contos. Cottonseed cake was the principal item, valued at 79,000 contos, followed by non-edible cottonseed oil, linters and cotton textiles. The war affected sales of these products, and in some instances shipments increased, while in others there was a decrease. In 1940, the total value of exports was 237,565 contos as against 197,478 contos in 1939, despite a

decrease in volume from 346,586 metric tons in 1939 to 251,812 metric tons in 1940. Shipments of cotton textiles, increasing by 132 per cent, were valued at 67,904 contos, displacing cottonseed cake, exports of which fell to third place with a value of 46,419 contos. The export value of linters also showed a considerable increase to 48,833 contos, followed by cottonseed oil, which increased to 42,890 contos.

There was a further increase in 1941 in value and a decrease in volume as compared with 1940, from 237,565 contos to 482,697 contos and from 251,813 metric tons to 168,516 metric tons. The increase in value was substantial. Cotton textiles, exports of which increased considerably both in value and volume, from 3,958 metric tons and 67,904 contos in 1940 to 9,238 metric tons and 208,649 contos in 1941, occupied first position. Linters remained in second place with shipments valued at 95,111 contos. The value of cottonseed oil increased to 82,859 contos, while cotton thread exports reached the encouraging total of 42,535 contos.

The following table shows exports of cotton products during the years 1939 to 1941:—

Brazilian Exports of Cotton Products

	1939		1940		1941	
	Kilos	Milreis	Kilos	Milreis	Kilos	Milreis
Cotton linter	34,339,319	30,205,189	39,873,084	48,833,112	68,583,601	95,111,269
Cotton residues . . .	3,271,960	6,994,667	1,669,296	4,665,041	3,896,430	7,327,367
Cotton waste . . . .	.....	.....	.....	.....	2,013,046	6,525,787
Cotton batten . . . .	.....	.....	.....	.....	1,200	7,494
Cotton for spinning	95,022	729,648	885,625	8,657,444	970,977	12,782,238
Cotton yarn for embroidery . . .	5,136	82,688	224,852	2,544,059	215,385	6,014,250
Cotton thread not specified . . . . .	.....	.....	.....	.....	2,691,453	29,753,745
Cottonseed	55,403,278	12,714,573	18,823,472	4,643,218	2,610,818	764,267
Raw cottonseed oil	23,223,222	30,247,643	26,310,890	42,890,351	33,458,416	82,859,434
Edible cottonseed oil	287,530	736,974	1,554,542	3,675,737	3,229,451	11,344,899
Cottonseed lard . . .	.....	.....	19,759	50,055	47,293	203,448
Cottonseed cake . . .	208,444,062	78,555,554	142,603,618	46,419,098	31,960,417	7,747,392
Cottonseed bran . . .	19,353,072	6,581,459	15,489,434	4,296,163	8,856,897	2,083,033
Cotton textiles . . .	1,981,734	29,387,062	3,958,371	67,904,337	9,237,932	208,649,051
Cotton oilcloth . . .	43,348	590,574	43,766	671,644	101,588	1,577,202
Cotton carpets and staircarpets . . .	.....	.....	.....	.....	20,179	420,127
Cotton blankets . . .	.....	.....	.....	.....	22,114	283,941
Cotton stockings . . .	.....	.....	.....	.....	10,563	1,345,619
Cotton oakum	121,701	291,114	316,436	904,187	25,803	78,798
Cotton articles not specified for cloth	.....	.....	.....	.....	17,765	677,348
Cotton manufactures, not specified	16,344	360,934	39,361	1,410,298	545,120	7,141,868
Totals	346,585,728	197,478,079	251,812,506	237,564,744	168,516,448	482,698,577

INDUSTRIAL PRODUCTION

The acceleration in Brazil's industrial development during 1941 was perhaps the most outstanding feature of the year and the one most likely to affect Brazilian economy in the future. Not only did existing industries increase their production and their capacity by the installation of additional equipment and the erection of new plants, but a number of entirely new industries were established.

Among existing industries, the record established by the cotton textiles production is no doubt the most noteworthy. Besides larger sales in Brazil, a substantial export trade was developed with Argentina, Chile, Venezuela and other South and Central American countries, due to the reduction in Japanese and British shipments. Brazil became the largest supplier of cotton yarns and textiles to Argentina and also shipped substantial quantities of woollen and silk textiles. Practically all textile mills had heavy backlogs of orders, and a

number of establishments applied to the Government for authorization to increase working hours. Brazilian cotton textiles were also shipped in fairly large quantities to the Dutch East Indies, but substantial orders from that country had to be refused because of the labour situation and the difficulty of importing foreign machinery and even replacement parts to increase capacity.

Other industries, including cement, iron and steel, paper, mining, chemical and pharmaceutical products, machinery, electrical equipment, etc., increased their production to compensate for the decrease in imports of foreign manufactured goods. Despite these increases, there developed near the end of the year a growing scarcity of certain manufactured items, particularly cement and other building materials.

There were general and substantial price increases, so that industrial profits in most cases reached an all-time high. Instances are reported of important industrial firms earning net profits for the year equivalent to many times their total capital investment. At the end of the year, however, the outlook was rather pessimistic, due to the growing difficulty of obtaining imported raw materials, fuel and equipment.

Among those newly established, the most important are the national iron and steel industry, pulp and paper industry and glass industry. These projects are still in the construction stage and will not begin production for some time. The iron and steel plant at Volta Redonda is to begin production in 1944, but there may be some delay due to the difficulty of obtaining delivery of imported equipment. The plant, as projected, will ultimately have a capacity of over 300,000 metric tons of finished iron and steel products.

AGRICULTURAL CONDITIONS

At the end of 1940 the prospects facing Brazilian producers of agricultural export products were far from bright. Loss of European markets, which previously absorbed 40 per cent of coffee exports, 25 per cent of cocoa exports and a substantial percentage of the exports of vegetable oils and oil seeds, meats and animal fats, hides and skins, made the outlook uncertain. Exports of all these products, except meat, decreased in volume as compared with the previous year, although in a few cases the total value of exports was slightly higher, due to increased prices. The price of coffee had fallen to extremely low levels, and the volume of exports of this all-important commodity had decreased from 16.5 million bags in 1939 to 12 million bags in 1940. Exports of cotton had been reduced by about one-third in volume and 25 per cent in value, and stocks on hand at the end of 1940 were estimated at close to 200,000 tons. Climatic conditions in general had not been good. A severe drought in Sao Paulo had done considerable damage to the coffee crop, heavy rains in Rio Grande do Sul had almost ruined the rice crop, and unfavourable weather during the harvest had reduced the cotton crop both in quantity and quality.

The year 1941 fortunately brought a marked improvement in the situation, and nearly all agricultural products enjoyed either wider markets or better prices or both. The price of Type 4 coffee on the Santos market increased from an average of 18.750 reis in 1940 to an average of 33.220 reis in 1941 (from 7 cents to 11½ cents per pound at New York), an increase that brought the price index for this type from 56 in 1940 to 99 in 1941 (1928=100), so that despite a smaller volume, exports of coffee increased in value from 1,589,000 contos in 1940 to 2,017,000 contos (approximately from US\$79,450,000 to US\$100,850,000).

Producers whose land had suffered from drought conditions in 1940 received financial assistance from the Bank of Brazil under favourable conditions. Prospects improved also for cotton producers, due to increased exports and much greater consumption by the Brazilian textile industry. A minimum export price was fixed for this commodity, and Canada became the most important purchaser of Brazilian cotton, despite a well-maintained volume of

shipments to the United Kingdom and Japan. There was also an improvement in prices, volume of production and exports of vegetable oils and oil seeds. Total exports of agricultural products increased both in volume and value. The export value of food products rose from US\$134,000,000 in 1940 to US\$155,000,000 in 1941, while exports of agricultural products other than food increased from US\$82,000,000 to US\$117,000,000.

One of the most important features of the year was the agreements in the making for the purchase by the United States of all Brazilian surpluses of certain natural products, including various vegetable oils, rubber and a few other agricultural products. This had a good effect on prices, and in respect of some commodities, particularly vegetable oil seeds and oils, enabled producers to increase their output with the certainty of obtaining remunerative prices. Agreements have also been entered into between Brazil and the United States providing for long-term loans to assist Brazil in improving working conditions and transportation facilities in certain parts of the country, particularly in the rubber-producing section of the Amazon basin in northeastern Brazil. An increase in the productive capacity of this area would undoubtedly be of great advantage to Brazil and to the war effort of the United Nations.

HIDES AND SKINS

Brazil holds second place after Argentina among world exporters of raw hides and skins. The production is not as well organized as in the neighbouring republic, and average prices of cattle hides are much lower in Brazil, where the skins are often damaged by pests and by branding. The Federal Government has taken the initiative in introducing measures to control insect pests and improve the preparation of the hides and, although progress is slow, some improvement is already noted, particularly in the States of Rio Grande do Sul and Ceara. In addition to cattle hides there is an important production from other domestic animals, including hogs, goats and sheep, and also from a great variety of wild animals. Brazilian goat-skins are highly appreciated on the United States market.

The production of leather footwear is highly developed in Brazil, and consumption of domestic leather is on the increase. Imports are limited mostly to calfskins and special leathers.

Despite larger shipments to the United States, the United Kingdom, Portugal and France, exports of raw hides and skins in 1940 fell considerably in comparison with the previous year, due to the shutting off of the German market. This condition was corrected in 1941, when exports increased over those for the previous year by 16 per cent in volume and 37 per cent in value, thus more than making up the ground previously lost. The improvement was due entirely to heavy shipments to the United States, particularly in the latter part of the year.

COCOA

As in the case of other export commodities, cocoa exports were hard hit by the loss of European markets, the most important of which were Germany, Holland and Italy. Nevertheless the Brazilian cocoa trade was active and remunerative in 1941. Prospects at the end of 1940 had not been very promising, with volume of exports down from the previous year and prices at a very low level. Increased demand from the United States more than made up the loss, however, and total exports in 1941 of 133,000 metric tons were 25 per cent higher in volume than in the previous year.

In the meantime prices of cocoa were rising substantially on the New York market, from 5 cents per pound at the end of 1940 to 8·33 cents in December, 1941. The price of superior type cocoa at Bahia rose from 15·200 milreis in November, 1940, to 30·800 milreis in November, 1941, per arroba (of 15 kilos). The total value of exports was 65 per cent higher in 1941 than in 1940.

The 1940-41 crop yielded 2,066,000 bags, an increase of 166,000 bags over the previous crop.

The year ended without any definite action being taken by the Inter-American Cocoa Board regarding the allocation of quotas on the United States market.

MEAT

The number of cattle slaughtered in establishments subject to government inspection declined somewhat during 1941, particularly in Rio Grande do Sul where floods caused heavy mortality among cattle and hampered their movement to the slaughter-houses. Widespread drought in the previous year also affected the condition of the cattle, and fat beef was scarcer.

Due in part to shipping difficulties and also to heavier commitments by the importing countries in favour of Argentina, exports of frozen beef were considerably lower than in 1940. Total exports of frozen meat decreased by over 50 per cent in volume, from 100,000 metric tons in 1940 to 44,000 metric tons. On the other hand, exports of canned meat were higher by 33 per cent, increasing from 48,000 metric tons to 64,000 metric tons. The value of total exports of meat (frozen and canned) was equivalent to US\$22,400,000 in 1941 as compared with US\$23,250,000 in 1940.

The present shipping situation as regards frozen meat, and the shortage of tin plate as affecting canned meat are bound to have an adverse effect on this trade. Various measures have been considered to offset these difficulties, such as the shipment of boneless beef pressed into blocks and frozen.

CARNAUBA WAX

Carnauba is a wax extracted from the leaves of the tree of the same name and is produced mostly in the States of Ceara and Piaui. The wax occurs in the form of a protective layer on the leaves of the tree, its function being in times of drought to prevent evaporation of the moisture contained in the leaves. The wax is only produced in areas where a long dry season occurs regularly, and the quantity available varies in direct relation to the severity and duration of the drought and, to some extent, also in relation to prices obtained. In recent years annual production averaged between 10,000 and 11,000 tons. Production in 1941 is reported to have been higher than in any recent year, and exports increased to 11,000 tons from 8,000 tons in 1940.

Prices for this wax, which is used extensively in the manufacture of picric acid, used in explosives, have increased tremendously in recent times. The average price per ton was 4,500 milreis in 1935, 10,400 milreis in 1939, 18,800 milreis in 1940 and 23,400 milreis in 1941. Total exports in 1941 were valued at approximately \$14,400,000, an increase of 70 per cent over the figure for the previous year. Carnauba wax now ranks sixth in value on the list of Brazilian exports.

VEGETABLE OILS AND OLEAGINOUS SEEDS

The production of vegetable oils and oil-producing seeds and nuts has increased greatly since the outbreak of war, and prices were generally much higher in 1941 than in the previous year. Castor-seed exports in 1941 almost doubled in volume as compared with 1940. Exports of vegetable oils increased by over 50 per cent in volume and about 80 per cent in value, oiticica and cotton-seed oil being by far the most important items.

A report on the production of various oilseeds and vegetable oils in Brazil was published in *Commercial Intelligence Journal* No. 2005 (July 4, 1942), page 33.

SUGAR AND ALCOHOL

The production of sugar during the 1940-41 season (ending May 31) was lower at 13,500,000 bags as compared with 15,400,000 bags in the previous year. The production of alcohol increased from 87,735,000 litres in 1939-40 to 109,300,000 litres in 1940-41. Exports of sugar were considerably lower than in the previous year, and prices remained more or less the same. The sugar industry is strictly controlled by means of production quotas granted to each of the producing states. Sugar and alcohol are not important in Brazil's export trade.

TOBACCO

Production of tobacco in 1941 was normal at around 100,000 tons, and exports remained at about the same level as in the previous year. The Bahia tobacco trade has suffered from the loss of the German and Dutch markets, and exports of Brazilian tobacco are now almost entirely to Argentina and Spain. Prices in 1941 were generally lower than in the previous year, first quality Rio Grande do Sul tobacco selling at 38 milreis in November, 1941, as compared with 42 milreis in November, 1940.

FRUIT

The Brazilian fruit trade has suffered considerably from the effects of the war and the consequent shipping difficulties. There was a drop of approximately 30 per cent in the volume of orange exports in 1941 as compared with 1940, and a still larger drop in shipments of bananas. Exports in 1939 of these two important items were 5,631,943 boxes of oranges and 12,007,271 bunches of bananas as compared with 2,857,791 boxes and 10,247,846 bunches in 1940 and 1,949,571 boxes and 6,150,010 bunches in 1941. This trade has now been placed under rigid control by means of export quotas allocated between the shippers.

RUBBER

Much has been written recently about the possibility of increasing rubber production in Brazil to replace supplies which are now out of reach of the United Nations. So far as the immediate future is concerned, a substantial increase should not be expected. Even under boom conditions, with prices at a very high level, annual production has never been in excess of 50,000 tons. Since 1930 annual production in Brazil has remained under 20,000 tons as compared with a total world production of over 1,000,000 tons. Higher prices, better transportation facilities and more satisfactory working conditions will no doubt help to open up certain districts at present too far removed from shipping centres to attract native workers, but it is generally agreed among those familiar with the industry that the process will be slow and results comparatively modest.

The above applies to wild rubber, the only kind ever produced in Brazil. So far as plantation rubber is concerned, this industry is still in its infancy. The Ford concessions at Fordlandia and Belterra will not produce worthwhile quantities for some years to come, present estimates being that Fordlandia will begin producing in 1945 with less than 300 tons, to be increased to about 500 tons in 1950. Belterra is expected to begin commercial production in 1943 and reach full capacity in 1948, with a production of about 6,000 tons.

The price of rubber in the North of Brazil rose from 5.2 milreis per kilo at the end of 1940 to a high of 12 milreis, but receded to 8.5 milreis later in the year when the maximum price f.o.b. Rio de Janeiro or Santos was fixed at 9.8 milreis per kilo for fine grade.

SECOND OFFICIAL ESTIMATE ARGENTINE GRAIN CROPS, 1942-43

Mr. W. B. McCullough, Assistant Commercial Attaché at Buenos Aires, writes under date September 21 that, according to the second official estimate of the grain crop acreage in Argentina for 1942-43, the total area planted to grain, exclusive of corn is 29,877,120 acres as compared with 33,056,010 acres in 1941-42, a decrease of 10·6 per cent. The second estimate shows an increase of 0·96 per cent in the acreage as compared with the first estimate of August 26.

Comparative figures of acreages sown in recent years are shown in the following table:—

Argentine Crop Acreages

	1942-43		1941-42	1940-41	10-Year Average
	2nd Estimate Acres	1st Estimate Acres			
Wheat	16,055,000	15,808,000	18,031,000	17,499,456	18,705,001
Linseed	6,100,900	6,088,550	6,743,100	7,100,262	7,300,749
Oats	3,329,560	3,317,210	3,517,280	3,941,132	3,603,048
Barley	1,852,500	1,845,090	1,971,060	2,144,701	1,897,326
Rye	2,413,190	2,410,720	2,660,190	3,325,608	2,405,933
Birdseed	125,970	123,500	133,380	145,730	133,592

BOLIVIAN TIN PRODUCTION*From The Economist*

United States assurances regarding an increase in mineral prices have now been followed up by an increase in the buying price for Bolivian tin ore paid by the United States Metals Reserve Company. When this company concluded its five years' buying agreement for Bolivian tin ore on November 4, 1940, the price to be paid for ore deliveries within the first year was fixed at 48·5 cents per pound of fine tin. It was later raised to 50 cents, and it has now been arranged that, with retrospective effect from January 1, 1942, Bolivian producers should be paid at a rate of 60 cents per pound, which is 8 cents more than the current United States tin price "ceiling". As the British tin smelters, in agreement with the Ministry of Supply, undertook in December last to pay not less than the United States for their tin ore receipts from Bolivia, the higher United States buying price automatically affects British purchases in Bolivia. Moreover, a price of 60 cents per pound corresponds to a sterling price of roughly £335 per long ton, which is £60 per ton more than the Ministry of Supply's current selling price to authorized British buyers; it is not unlikely, therefore, that the revision in the price for Bolivian ore will sooner or later be followed by an increase in the British price.

The economic effects on Bolivia of the increase in the prices for tin ore are obvious from the fact that Bolivia is the only country in the world which is entirely dependent on tin. Normally about four-fifths of Bolivia's exports consist of tin, and this proportion is likely to rise. For many years Bolivia was the world's second largest tin producing area (Malaya being the largest), and not until 1936 did the Dutch East Indies succeed in wresting the position from Bolivia. Since the loss of Malaya and the Dutch East Indies, it has become the chief source of Allied tin supplies, and its prospective 1942 shipments of between 40,000 and 45,000 long tons will amount to roughly half the total Allied supplies of newly mined tin. Although all Allied tin-producing areas (Cornwall, Australia, South Africa, Nigeria, and the Belgian Congo) have started intensive tin production drives in recent months, every ton of tin that can be obtained from Bolivia is urgently needed.

It is therefore important that Bolivia has extensive tin reserves which were estimated by the United States Bureau of Mines in 1939 to contain about

500,000 long tons of metallic tin. Bolivia's maximum output so far was reached in 1929, when 46,338 long tons were produced. By a determined effort Bolivia could exceed its 1929 output. There are, however, considerable technical difficulties in the way, and a high price for Bolivian tin ore is the preliminary to overcoming these difficulties.

MINING PROBLEMS

Unlike the rich tin resources of the Far East, which are found in the form of alluvial tin in low-lying soft ground, Bolivia's tin occurs in the form of narrow veins in siliceous igneous rock, found in some of the highest regions of the world. The Bolivian tin belt extends from the Peruvian border in the north to the Argentinian frontier in the south, and most of the mines are situated at heights ranging from 12,000 to 17,500 feet above sea-level. There are considerable transportation difficulties involved in getting the Bolivian tin down to the usual ports of shipment—Antofagasta and Arica in Chile, and, to a lesser extent, Mollendo in Peru. Most of the larger mines have road connections with the Bolivian railway system, which links up with the railways of the neighbouring states, but many of the smaller mines employ llamas for transport to the railheads.

But transport conditions are not the only difficulties of the Bolivian tin-mining industry. In some areas there is water shortage, and in all mining districts there are labour difficulties, especially as, owing to the difficult climatic conditions, only native labour can be employed, and the supply of native labour was greatly reduced by the heavy Bolivian casualties in the Chaco war. Nevertheless, after having been stable around 25,000 tons a year from 1935 to 1938, Bolivian output rose to 27,215 tons in 1939, 37,940 tons in 1940, and 42,884 tons in 1941.

Under the new price agreement with the United States, a further rise in production is called for. So far the Bolivian signatories of the supply agreement with the United States, that is virtually all producers with the important exception of the Patino Mines and Enterprises, had been under the obligation to sell annually ore containing 18,000 tons of tin to the Metals Reserve Company. The new agreement is reported to refer to an annual minimum of 25,000 tons, but sets 30,000 tons as the annual target. As the Patino Mines, which in 1941 supplied 20,963 tons of tin or virtually one-half of Bolivia's total production, have a ten years' agreement with the British smelters, under which the whole output of this group will be available for treatment in this country, the other Bolivian mines must raise their output considerably if they are to reach the minimum supplies promised to the United States.

The new price of 60 cents per pound offers considerable profits to Bolivian producers, despite their high costs of production. As the United States Government has given priority treatment to shipments of mining equipment to Bolivia for some time, the shortage of materials is likely to be eliminated before long. The United States is also prepared to give Bolivian tin producers technical advice and assistance, but there remains one important obstacle—the labour supply position. Perhaps the ability of Bolivian mines to offer better wages may ease this, but it is doubtful whether this will overcome the difficulty.

CUBAN CONSULATE AT SAINT JOHN, NEW BRUNSWICK, CLOSED

As the office of the Acting Cuban Consul at Saint John, New Brunswick, has been closed as from September 18, exporters in the Maritime Provinces requiring consular visé of documents covering shipments to Cuba are advised that the nearest Cuban Consul to whom to apply for this service is in Halifax, Nova Scotia.

UNITED KINGDOM CONTROL OF NON-FERROUS METALS

JAMES CORMACK, CANADIAN TRADE COMMISSIONER

Bristol, September 3, 1942.—Exactly three years ago, at the outbreak of war, the Non-Ferrous Metals Control was established in a city in the area controlled by this office, where it is well placed for consultation with the important trade interests in the Midlands and the North of England, as well as in London. Long before that time, however, preparations had been made, particularly in the way of negotiations with Empire producers of copper, zinc, and lead, and these had in fact reached an advanced stage. They finally resulted in the purchase by H. M. Government, at fixed prices, of the whole exportable surplus of all Empire countries of these three important raw materials.

At the outset the Control's functions covered the regulation of the supply and demand for these metals only, together with the ores, concentrates, and scrap materials thereof. Subsequently, in March, 1940, a brass section was set up for the special purpose of arranging plant extensions and installations at brass mills, in conjunction with the ammunition departments. It also supervised works' practice, wherever necessary, through its technical staff and allocated capacity for direct service orders for brass strip, rod, and other products. In January of this year, a zinc alloy die-casting section was formed by the brass section in respect of brass semi-manufactured products.

Immediately after the outbreak of war with Japan, it became necessary to control tin, and it came under the Control's supervision on December 9, 1941. All stocks had to be held at the disposal of the Ministry of Supply, and holders were required to notify the Control of the quantities and locations of tin so held. Thereafter no one could acquire, remove or dispose of any tin without permit.

Control of nickel and of cadmium was introduced on January 1, 1942; of antimony on January 19, 1942, and of cobalt on May 26, 1942, and these metals were all placed under the supervision of the Non-Ferrous Metals Control. Manganese is the only remaining metal coming under this Control, but it was never formally handed over like the others by statutory order, but has been so supervised for nearly a year now.

Last month the Ministry of Supply prepared, and in a limited way issued, a secret memorandum dealing in considerable detail with the need for economy in the use of non-ferrous metals, listing some thousands of articles brought under strict trading control, both as to manufacturing and disposal, in order to conserve supplies. Both the home market and the export market are dealt with, the aim in each case being broadly the same. With regard to export, the essential requirements of the Empire and Allied Countries are still to be catered for (within the zone as agreed upon with the United States), the licensing of metals for export being arranged in close collaboration with the Board of Trade and with the representatives here of importing Governments.

UNIFORM INCOME TAX IN AUSTRALIA

K. F. NOBLE, ASSISTANT TRADE COMMISSIONER

Sydney, July 24, 1942.—With effect from the beginning of the current fiscal year, July 1, 1942, the field of earned and unearned incomes, which was previously subject to taxation by both the Commonwealth and State Governments, has been monopolized by the Commonwealth. Double taxation of income at increasing rates by the two jurisdictions has threatened to impose a capital levy and, in fact, during the year ended July 30 taxes in the upper brackets have in certain circumstances run to as much as 22s. 6d. in the pound.

In order to eliminate such anomalies, to standardize the incidence of the income tax, and with a view to economizing in costs of collection and use of manpower, the Commonwealth introduced the following Acts on May 29 last under Certificate of Urgency: (a) States Grants (Income Tax Reimbursement); (b) Income Tax (War-time Arrangements); (c) Income Tax Assessment; (d) Income Tax. Royal assent was given on June 7.

Those states which had most extensively explored the other sections of the field of tax revenue contested the validity of the legislation. Queensland, Victoria, South Australia and Western Australia each brought action before the High Court of Australia, petitioning that the group of enactments be disallowed as *ultra vires* of the powers of the Commonwealth. The petitions for disallowance were based on the premises:—

- (a) that other sources of taxable revenue having been more extensively exploited, the state income tax receipts failed to disclose the yield from such sources that could be developed in the case of need and that the grants-in-aid allowed were, therefore, less than equitable.
- (b) that the assessment of a uniform tax would increase the total taxation upon the citizens of such state to perpetuate an inequality of taxation.
- (c) would penalize each such state for internal economies which had reduced the revenues necessary from income tax.

The High Court has found by majority decision tabled on July 23 that it is the right of the Commonwealth Government to pre-empt the income tax field, and the implementing of the legislation will begin forthwith. The finding for the Commonwealth Government has made it clear that the legislation rests on the National Security Regulations, which have validity only for the duration of the war. It can be added, however, that it is anticipated that the consolidated income tax can be continued into the post-war period through legislation nationalizing other fields of state taxation, including stamp, probate, land, forestry and mining, the states to be indemnified by grants equivalent to taxation yields.

The group of four Acts provide *inter alia* that:—

1. The pre-emption of the income tax field will expire on the last day of the first full post-war financial year.

2. Annual grants to the several states in lieu of the collection of state income tax in the following amounts: New South Wales, £15,356,000; Victoria, £6,517,000; Queensland, £5,821,000; South Australia, £2,361,000; Western Australia, £2,546,000; Tasmania, £888,000.

3. Supplementary financial grants to states presenting satisfactory evidence of need.

4. An Australian-wide scale of taxation on all incomes above £156 (Canadian \$560) per annum.

5. A system of rebates deductible from the nominal assessed tax in replacement of statutory deductions from gross income. Family deductions include £100 for wife, £75 for first child, and £30 for each additional child. Further limited deductions are allowed against payments for life insurance, superannuation, medical and funeral expenses, gifts and calls.

6. A minimum rate of tax of 6d. in the £1, beginning at £156 per annum and rising to 148·44 pence in the £1 at £4,000 per annum, above which there will be a flat rate of 18s.

In illustration of the new scheme, a man earning £400 (Canadian \$1,440) per year will be assessed at 1s. 6d. on the £1, which will amount to £30. The same wage-earner with dependent wife and two children will receive an allowance of £205, and the rebate assessed on this amount would be £15 7s. 6d. while the tax payable would total £14 12s. 6d.

ANTICIPATED REVENUES

The Commonwealth budget placed estimated collections at £129,000,000, while the guaranteed grants-in-aid as indemnities to the states will absorb £33,389,000.

Economies from the elimination of duplication and, more particularly, from uniformity of application will increase the value of the tax yield to the Commonwealth by £15,000,000, while the centralization promises to release a substantial volume of manpower for alternative service.

MANPOWER RESTRICTIONS IN THE AUSTRALIAN GOLD-MINING INDUSTRY

FREDERICK PALMER, CANADIAN TRADE COMMISSIONER

Melbourne, July 15, 1942.—Proposals recently made by the Commonwealth Government for the control of manpower in the Australian gold-mining industry, have been accepted by the industry.

When announcing the proposals, the Minister for War Organization of Industry stated that the Government's object was to release as much manpower as possible while retaining sufficient skilled men to maintain the industry until operations can be resumed at the conclusion of the war. The Minister stated that the importance of gold-mining as a means of absorbing labour quickly in the post-war period was fully appreciated by the Government and, while it was necessary to divert every available man to urgent war work, it was also essential to preserve the nucleus of the industry. The decisions reached would provide a worthwhile contribution in manpower and at the same time ensure the maintenance of mines in a condition that would permit a resumption of operations when necessary at the end of the war. For the present the proposals affect only the States of Western Australia and Victoria and, as conditions in these two states differ considerably, different decisions were reached in each case, although the general policy in both states was the same.

WESTERN AUSTRALIA

In Western Australia there are many large mines with a total manpower employed as at June 15 of approximately 8,000 men. The proposals for this state are:—

1. A Committee representing the mine management and the Australian Workers Union will act in co-operation with the manpower authorities to ensure maintenance of a proper balance between different operations in each mine.

2. Call-up of men for military and Allied Works Service will proceed in the normal way to a point when approximately 4,500 men will remain in the industry to maintain the mines. Of this number approximately 100 key men may belong to Classes 1, 2 and 3, and approximately 1,000 will be employees of small mines. After three months the manpower position will be reviewed in consultation with the West Australian Government.

3. The Director-General of Allied Works may call on the industry to provide labour for urgent works from those retained.

4. To provide for the maintenance of certain mines that will have to close down completely, the Commonwealth Government will make a grant of £100,000 in order that the assets will be preserved.

VICTORIA

In Victoria a Committee representative of the mine management, the Australian Workers Union and other mining unions, under the chairmanship of the Victorian Director of Geological Survey, made certain recommendations regarding the scale of production which should be maintained. These recommendations had been adopted and would result in the release of approximately 780 men. The Commonwealth Government therefore decided as follows:—

1. In cases where mines cannot be allowed to flood or where the maintenance staff cannot produce enough gold to meet the cost of upkeep, reasonable maintenance costs will be met by the Commonwealth Government.

2. Further consideration will be given to the question of the Commonwealth meeting the cost of de-watering after the war such mines as may be allowed to become flooded.

3. The Director-General of Allied Works, the Director-General of Man Power, and the Controller of Minerals Production will confer with the Committee so that the release of men can be arranged as they are needed and key men required for maintenance can be exempted.

4. The general position is to be re-examined in three months' time.

The Minister for War Organization of Industry stated that the position in other states of the Commonwealth was being examined.

TARIFF CHANGES AND TRADE REGULATIONS

Union of South Africa

RESTRICTION ON PARCEL POST SHIPMENTS

The Post Office Department of Canada has issued a notice that on and after October 15, 1942, parcels presented for mailing to the Union of South Africa or Southwest Africa containing merchandise requiring the production by the addressee of a special import permit shall not be accepted for mailing unless the sender has been informed by the addressee that the latter has obtained the special import permit from the competent authorities in the Union of South Africa. The wrappers of such parcels shall be endorsed by the sender with the words "special import permit (to be followed by the number) obtained by addressee".

It is explained that the importation into the Union of South Africa and Southwest Africa by regular (Postal Union) mail or parcel post of any goods for trade purposes, that is, for the purpose of resale or of being manufactured or processed for resale, is prohibited except under a special permit issued by the Controller of Imports in the Union of South Africa. These special import permits will be retained by the importers in the Union of South Africa and Southwest Africa for presentation to the proper authorities when the merchandise is cleared in those countries.

The Post Office notice states that senders of parcels presented for mailing to the Union of South Africa or Southwest Africa containing articles which do not require the production by the addressee of a special import permit shall endorse the wrappers of their parcels "not for trade purposes". Parcels for the Union of South Africa and Southwest Africa received at the despatching exchange office not bearing one of the two endorsements mentioned above will be returned to the senders.

It is explained that the new notice is not to be considered as modifying the restrictions for export licence nor the following restrictions already in effect: (1) No parcel shall be accepted for mailing if it exceeds 11 pounds in weight and 18 inches in length or 42 inches in length and girth combined; (2) not more than one such parcel shall be accepted for mailing in any one week when sent by or on behalf of the same person or concern to or for the same addressee; (3) perishable matter, regardless of weight or size as set forth in Paragraph 1, shall not be accepted for mailing.

Grenada

CALENDARS LICENSED BUT NOT ADVERTISING ALMANACS

The Grenada Government *Gazette* of August 1 contained a notice from Mr. A. A. Douglas, Competent Authority for Imports, that calendars for 1943 that are provided free of charge by the exporters and for which no payment from the Colony is required may be imported under licence. The same notice referred to almanacs and booklets advertising medicines and other types of merchandise, which include a calendar in their composition, and stated that licences would not be granted for such publications.

United States

INVOICING OF CANNED FISH AND FISH LIVERS

The United States Commissioner of Customs, in a Treasury Decision 50274 published on September 24, gave notice that customs invoices covering fish and fish livers imported in air-tight containers must state whether the articles contain an oil, fat, or grease which has had a separate existence as an oil, fat, or grease. The name and quantity of any such added ingredient is to be given.

With respect of any added oil, fat or grease, which is subject to an import tax under Section 2491C of the Internal Revenue Code, further requirements are prescribed. The goods subject to tax under this section are any article, merchandise, or combination of which 10 per cent or more of the quantity by weight consists of, or is derived directly or indirectly from, one or more of the following: whale oil (except sperm oil), fish oil (except cod oil, cod-liver oil, and halibut-liver oil), marine-animal oil, tallow, inedible animal oils, inedible animal fats, inedible animal greases, sesame oil rendered unfit for use as food, sunflower oil, rapeseed oil, kapok oil, hempseed oil, perilla oil, coconut oil, palm oil and palm-kernel oil, fatty acids derived from any of the foregoing or from linseed oil, salts of any of the foregoing, all of the foregoing, whether or not refined, sulphonated, sulphated, hydrogenated or otherwise processed. Such goods are required to contain a statement of the identity of the taxable article, merchandise, or combination, the name of the oils or products from which each taxable ingredient present is derived, and the percentage by weight which each ingredient present in the imported article bears to the total weight of the article imported.

Panama

DUTY INCREASED ON TABLE POTATOES

Mr. H. W. Brighton, Canadian Trade Commissioner at Panama City, writes that a Panama decree, effective July 1, 1942, restores the duty on table potatoes of 10 cents per kilogram gross weight, thereby rescinding a decree of November 17, 1941, under which the duty had been reduced from 10 to 2 cents per kilogram. The new decree also places the control of the import of potatoes in the hands of the Banco Agropecuario. Seed potatoes imported into Panama remain free of duty under another item of the tariff.

EXCHANGE SITUATION IN ECUADOR

W. G. STARK, ACTING TRADE COMMISSIONER

Lima, September 22, 1942.—The altered dollar rate of exchange introduced by the Central Bank of Ecuador on April 29, 1942, is still in force, without further amendment, at 13·70 sucres buying and 14·10 sucres selling to the United States dollar. Credit facilities seem to be ample, and collections are being taken up promptly, with no apparent difficulties with respect to payments. The Central Bank has high exchange reserves but, according to opinions in financial circles, there does not appear to be any further intention of appreciating the currency under existing conditions.

There is control over dollar notes, although so far no information is available as to the amounts surrendered. "Black market" rates for dollar notes have dropped to as low as 8 sucres to the dollar, but this rate fluctuates up to about 11 sucres.

The formation of the Corporacion de Fomento, with the object of increasing agricultural and industrial exploitation and with the power to borrow up to U.S.\$10,000,000 from the United States Export-Import Bank, should assist the development of a number of Ecuadorean projects that have lacked capital.

Imports are subject to permits, which are granted to importers on a quota basis relative to their capital and previous volume of imports. A certain control is maintained with regard to the importation of luxury goods and those that compete with nationally manufactured articles. As a precautionary measure Canadian exporters should not ship unless the dealer in Ecuador has supplied them with a duplicate copy of the relative import permit (Permiso de Importaciones).

Importers are required to make application for exchange before placing orders abroad. When this is granted, the Central Bank puts the exchange aside to the order of the importer, so that it is available for payment against shipping documents, but only after the arrival of the goods at the respective Ecuadorean port. A government decree of May 11 permits the Central Bank to grant exchange to importers against an immediate deposit of 50 per cent of the value of the credit asked for, the balance to be made up of collateral satisfactory to the directors of the bank. This action was taken to assist dealers, in view of the increasing difficulty of obtaining imported articles.

Importers also may open letters of credit which can be established through the Central Bank of Ecuador only, as this bank alone is empowered to handle such transactions. Formerly the Central Bank required a cash deposit of 100 per cent of the value of confirmed letters of credit. By decree of March 21 the Central Bank is now empowered to issue confirmed letters of credit for the importation of merchandise upon the importer's depositing 25 per cent of the value of the letter of credit in cash and the remaining 75 per cent in the form of such guarantees as the Board of Directors consider necessary. The same decree also provides that government departments, state railways, the Southern Railroad and the Loan Bank of Ecuador shall not be required to deposit 25 per cent in cash for merchandise; these will only have to submit satisfactory guarantees for the full amount to the Board of Directors.

The Customs and parcel-post offices will not deliver imported goods unless proof is furnished that the covering exchange has been obtained through the Central Bank of Ecuador. Merchandise that has been sold on a time-draft basis is delivered only upon certification that the purchaser has accepted the draft and a bank guarantee of reimbursement with funds provided by the Central Bank of Ecuador. Imports may also be effected through letters of guarantee that are established by Ecuadorean commercial banks. This instrument differs from the letters of credit inasmuch as the draft or drafts drawn under letters

of guarantee are reimbursable only after arrival of the relative goods at any Ecuadorean port.

Concerning terms of shipment to Ecuador, Canadian exporters forwarding goods to unknown customers should insist on letter of credit or letter of guarantee. However, since the Exchange Control sets exchange aside for approved orders, sales on a sight-draft basis, or even on short-term credits, may be made to reliable importers. Should an importer refuse to pay a draft for which the foreign exchange has been earmarked, he is not to be granted further exchange facilities; in other words he will be unable to obtain further imports.

When making quotations to Ecuadorean firms, shippers in Canada, in order to avoid confusion, are advised to quote prices in United States dollars, as this is the most common medium of exchange in Ecuador. Also, by the regulations of the Canadian Foreign Exchange Control Board, final settlement for Canadian goods despatched to Ecuador must be effected in United States dollars. However, when quoting in Canadian dollars a clear indication should be given of the exchange allowance granted to convert these offers into United States funds.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING OCT. 5, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, October 5, 1942, and for the week ending Monday, September 28, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Sept. 28	Nominal Quotations in Montreal Week ending Oct. 5	Official Bank Rate
Great Britain.	Pound	4.8666			
		Buying	\$4.4300	\$4.4300	2
		Selling	4.4700	4.4700	—
United States.	Dollar	1.0000			
		Buying	1.1000	1.1000	1
		Selling	1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
		Bid	4.4200	4.4200	—
		Offer	4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
		Official	.3304	.3304	3½
		Free	.2631	.2625	—
Brazil.	Milreis (Paper)	.1196			
		Official	.0673	.0673	—
		Free	.0571	.0571	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
		Official	.0574	.0574	3-4½
		Export	.0444	.0444	—
Colombia.	Peso	.9733	.6334	.6334	4
Venezuela	Bolivar	.1930			
		Official	.3313	.3313	—
		Free	.3330	.3330	—
Uruguay.	Peso	1.0342			
		Controlled	.7307	.7307	—
		Uncontrolled	.5852	.5852	—
South Africa.	Pound	4.8666			
		Bid	4.3862	4.3862	3
		Offer	4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
		Bid	4.5380	4.5380	—
		Offer	4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
		Bid	3.5300	3.5300	3
		Offer	3.5760	3.5760	—
New Zealand.	Pound	4.8666			
		Bid	3.5440	3.5440	1½
		Offer	3.5940	3.5940	—

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Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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PRICE CONTROL IN SOUTH AFRICA

J. C. MACGILLIVRAY, CANADIAN TRADE COMMISSIONER

Cape Town, August 20, 1942.—One of the leading problems with which the Union of South Africa Government has had to cope since the outbreak of war has been the ever-present danger of inflation. The incomes of wage-earners have moved upwards, making more money available to be spent; also some branches of commerce and industry have, because of war conditions, increased their earning power. Taxation has removed a large proportion of this extra profit, but notwithstanding this, some sections of the community have more money at their disposal than before. Military disbursements and the presence of large numbers of visiting troops and refugees have also assisted in increasing the demands and consequently the open competition for goods and services.

Concurrently, many factories have been turned over to war production, while the importation of goods from abroad has become slower and more difficult and, in instances, impossible, so that despite abnormal demands, there are fewer goods available for sale. Measures have been taken which, while they could not prevent a sharp rise in prices and increasing scarcity of goods, have so far been successful in keeping the movement under a reasonable degree of control and preventing an unchecked inflation spiral which would otherwise have been unavoidable. The outlook for the future is not, however, particularly reassuring, unless the existing regulations are extended.

At the end of June, 1942, the official cost-of-living index, averaged for the nine principal urban centres, showed an increase of 20·27 per cent in comparison with the month preceding the outbreak of war. Durban has registered the highest rise, with a 23·70 per cent increase, while the lowest point was the Witwatersrand with 17·75 per cent. Concurrently, the index figure for imported

goods, on which this country is so dependent, has gone up by 50 per cent. The upward swings have been most marked during the current year.

As regards anti-inflationary measures, there has been an enforced diversion of wealth from the individual to the State by heavily increased income taxes and excess profits levies, maximum prices have been fixed in cases where such action is feasible, compulsory saving was introduced in the 1942 budget and, in addition, there has been the inducement to invest surplus capital in war loans.

Concerning price control, the efforts of the Government have been devoted, in the main, to the supervision of the profits of traders and manufacturers. In effect, these are profit control regulations, and there is no attempt, as is the case in Canada, to regulate the very important cost factors in price. The result is that the South African cost-of-living index has risen much more steeply than its Canadian counterpart although this does not imply that the local control has not been fulfilling its purpose. It is due, rather, to an increase in the prices paid to the primary producers of certain agricultural products, to the sharp rise in the landed cost of imported goods, and to the increase in industrial wages. All these items of cost are outside the scope of South African price control.

Initial steps leading up to the control of prices were taken up by the Union Government shortly after the outbreak of hostilities, when a body known as the National Supplies Control Board was constituted on September 14, 1939, one of the principal functions of which was defined as the control of prices in the Union. The regulations dealing with price control were in two parts: The first empowered the Minister of Commerce and Industries, on the recommendation of the Board, to fix maximum prices; the second was a regulation under which profits on all commodities whose prices were not actually fixed, were controlled by means of a general formula. This formula specified that the seller of any goods should not make a larger percentage of profit than the percentage earned on like goods at August, 1939, the month preceding the outbreak of war.

During the early days of the war, traders raised the issue as to whether profits should be fixed on the basis of actual costs of goods or of their replacement value. It was pointed out that unless the Government was prepared to safeguard merchants against any sharp fall in price level after the termination of hostilities, hardships were bound to be suffered if prices were controlled on the basis of actual cost. In sequence, the Board agreed that for the purpose of profit control, traders should be permitted to average actual costs with replacement values, provided actual purchases were made on a replacement valuation. The basis of averages provided for was the straight method, although it is now admitted that it would probably have been better had the weighted average been stipulated as this would have provided a more satisfactory control of profits. In addition, the Board at an early stage actually fixed the retail prices of a wide range of household commodities. This fixation was not an easy matter, owing to the policy of disturbing existing trade practices as little as possible. In normal times prices differed in various parts of the country because of transportation costs, and this factor had, therefore, to be taken into consideration in price fixation, with different prices for different areas.

In order to keep in touch with local conditions, committees were established in every magisterial district. On most of the committees the magistrate served as chairman, and their principal function was the hearing of complaints concerning profiteering and, when justified, in passing the matter on to the Board. Recommendations were also made from time to time regarding the fixation of prices in the various areas. In practice, very few complaints ever reached the Board regarding over-charging, in spite of press appeals to the public to make these known. The National Supplies Control Board carried on its price fixation activities with a very small staff for a period of nearly two years, and if this work may be judged by the price indices of the Union, the country had every reason to be satisfied.

APPOINTMENT OF PRICE CONTROLLER

During the period August, 1939, to August, 1941, wholesale prices rose in the Union by about 25 per cent and retail prices by less than 9 per cent. After the first increase in prices, which took place in the opening months of the war, the price-level table remained relatively stable for nearly two years, until towards the middle of 1941, when it began to rise. This increase was due to unfavourable weather conditions which adversely affected local agriculture, and also to the intensification of the war and the consequent difficulties in obtaining shipping to convey imports. The attendant increase in prices led to an agitation on the part of the public for more comprehensive control measures, and it was then decided to appoint a Price Controller empowered to act independently of the Minister of Commerce and Industries and the National Supplies Control Board, and thereby able to function more quickly and effectively. Accordingly, Mr. A. B. McDonald of Cape Town was appointed to that office in August, 1941, since which time he has had supervision over all price fixation measures. On his appointment Mr. McDonald immediately set about reorganizing and enlarging the price control organization. Supervisors were appointed in all the larger centres, whose duties were to control the inspectorate in those areas and to direct investigations to ascertain whether or not regulations were being adhered to. These supervisors also served as chairmen of the local committees, which functioned in the same way as the former committees of the National Supplies Control Board. A number of professional accountants were also attached to the staff of the Controller. They were charged with the making of special investigations into costs and price fixing practices, for the purpose of guiding the Controller in any steps he might take in fixing prices or controlling profits.

The first major task which the Price Controller undertook was the revision of all the regulations governing price control, as it was the universal feeling that the general regulations controlling profits, as provided for in the original proclamation, were too favourable to traders. As already noted, these enabled merchants to make the same percentage margin on the cost of goods as in the month preceding the outbreak of war. The formula did not, however, sufficiently take into consideration that when costs commenced to rise it might easily give a trader a continually rising margin of profit and thus add to the rising price by the time the commodity reached the consumer. In view of the increased costs, particularly of imported goods, this meant that the gross profit margin in terms of money, which merchants were permitted to take, was greatly in excess of those ruling before the war.

To remove this anomaly new regulations were evolved, which enabled traders to take a gross margin on costs determined in accordance with a factor which the Controller published. This factor, which was less than unity, varied in the inverse ratio as the cost of the goods increased, and when multiplied by the percentage of gross profit taken on like goods in the pre-war period, gave the percentage of gross profits that any merchant or manufacturer was entitled to make on any particular goods. The objective was to make sure that the trader or manufacturer would earn the same profit as he did before the war and that this profit was not increased as costs rose. To allow for a possible fall in the volume of sales and for increased costs of distribution, the factor was so computed that the gross margin taken on the sale of any goods was approximately 10 per cent higher than the gross margin taken on like goods prior to the war. The factor was also so determined that as costs rose this margin of 10 per cent increased slightly. This basis of profit control reduced permissible profits very materially when compared with those allowed under the original regulations. The new system also provides that the controlled profit margins would be added to the actual cost of the goods and

not to the average of the costs and replacement values as decided by the National Supplies Control Board.

FREEZING OF PRICES

In order to put this new regulation into effect some further difficulties had to be overcome, such as the necessity of merchants repricing all stocks on hand. To overcome this the Controller issued a notice in October, 1941, freezing the prices of goods on hand so that the operation of a new price formula, based on the factor, applied only to goods received into stock after that date. This arrangement, under which two bases for the determination of prices were in operation, lasted until July 1, 1942, after which the freezing notice was withdrawn and all prices not specifically fixed were to be determined in accordance with the new factor published on the same date.

This new factor is, in principle, the same as the one already explained, with the exception that it makes provision for an additional 5 per cent profit margin, which increase is intended to compensate for the anticipated substantial fall in turnover which it is considered may take place as the year advances owing to the expected contraction in the arrival of goods from overseas. To aid traders in determining new prices, a special ready-reckoner was provided in accordance with the provisions of the regulations.

The foregoing is a summary of the steps taken by the Controller to regulate prices in general. In addition, however, he also retained the power to fix maximum prices specifically and, since his appointment, the list of commodities whose prices have been so fixed has been very materially increased. These include not only retail prices, but also a wide range of wholesalers' and manufacturers' prices. In actual fact, specific price fixation, either by stated figures or fixed percentage margins allowable on costs, have now been applied to nearly all household commodities ordinarily obtained from grocers. Apart from the fixation and control of prices of goods, the authority was extended to the Controller to enable him to regulate the charges for a number of services, such as laundering, the servicing of motor vehicles, dry cleaning, boot repairing, and haircutting. In addition, the control of hotel and boarding-house charges was placed under his administration. By a special war measure (Proclamation dated September, 1941) these latter were fixed at a level approximately $7\frac{1}{2}$ per cent above that prevailing on September 1, 1939. Other new regulations included provision against the increasing of costs as a result of inter-merchant sales. If the first trader sells at the maximum permissible profit, no subsequent dealer is able to make a profit on further sales.

The Controller's powers may, therefore, be recapitulated under three general headings:—

1. The fixing of a maximum price of goods in any transaction between person and person;
2. The fixing of maximum charges for any service;
3. The freezing of prices or charges to the current level during a specified period.

RESULTS OF CONTROL MEASURES

Despite the tightening up of the price control regulations, the price level in the Union has continued to rise since the appointment of the Controller, and as previously intimated the rate of increase has been particularly rapid during the past six months. This increase has, however, been largely due to outside causes and the cost-of-living figures have been influenced by a number of factors which are beyond the control of the regulations.

An analysis of the cost-of-living index indicates that one contributory reason has been the higher prices of certain agricultural products. These in

turn are to some extent due to severe drought conditions during the past year and partly to the cutting off of supplies of low priced raw materials which were formerly imported from overseas. Other factors have been increased wages and cost-of-living allowances as well as the steep rise in the cost of imported manufactured goods. It is pointed out by the Department of Commerce and Industries that the Union Price Controller's powers are not as extensive as those in many other countries. His authority as regards price fixation extends to certain agricultural products in the hands of traders. It does not, however, take in the price paid to producers. This power has been vested in the Controller of Food Supplies and, in some cases at least, these appear to be out of tune with the margin of profit allowed to merchants. Apart from this, traders' prices for butter, cheese, bread and meat, as well as other products, are fixed by certain so-called Marketing Boards appointed by the Government, which were in existence before the outbreak of war and whose principal function has been to raise prices at the expense of the consumer. It will thus be seen that the Price Controller's authority has been mainly confined to regulating the profits of traders and manufacturers, and while these have been curbed the prices paid to primary producers have been increased.

While profits are an important factor in living costs there are other equally essential components. These are wages, profit, and interest charges, and any fluctuations in these can have a marked effect on prices. Interest rates in South Africa have, since the commencement of the war, been remarkably steady, with a downward rather than an upward tendency. Wage levels, on the other hand, have moved in the opposite direction and have influenced price levels. Increases granted on a wide basis without much discrimination, coupled with relatively generous military allowances and the enhanced profits of *entrepreneurs*, have all had their inevitable effect.

The third important component, profits, is only partially controlled, owing to there being no peg on agricultural profits. Similarly, under the present system nothing can be done to influence the price level of imported goods and materials. A system of subsidization, such as tried in Canada, has not been seriously considered.

In defending the control measures which have been taken, it is contended that but for these, and bearing in mind the scarcity of certain commodities, prices could have got completely out of hand. It is also claimed that the profit element in the price structure is one of the most sensitive to fluctuation and that its control in times of shortage is a vital factor in keeping living costs within reasonable confines.

SUMMARY

During the more recent period of continued increase in living costs, criticism of South African price control methods have become more frequent. The President of the Johannesburg Chamber of Commerce has recently referred to this as a condition of inflation by regulation and has stated that the Price Controller must be given wider powers if the situation is not to get completely out of hand. It is asserted that in most businesses turnovers are now dropping very materially as result of the shortage of commodities. Some merchants hold the view that as turnovers drop a larger margin of profit should be given as compensation, although organized commerce does not subscribe to this theory.

Concurrently with recent price increases there is certain evidence of an increase in so-called "black market" transactions, particularly in the larger urban centres, and the Controller of Prices has made appeals to the public for assistance in stopping this practice. These operations are said to be conducted by traders who have accumulated large stocks of commodities in short supply. Sales are made secretly at exorbitant prices, no invoices are given, only cash is accepted and no book entries are made. Penalties are provided

for merchants selling under such conditions, and it is now proposed to make the purchaser equally liable. Anti-hoarding legislation has also recently been passed.

It has also been announced that important new developments in price control are pending. A list will be published of flat percentages of profit which may be added to current cost to arrive at permissible prices. This will cover about 400 commodities and, while it will continue to be effective on merchant profiteering, it cannot, as such, be expected to do much to slow down the still mounting cost-of-living curve, something which can be accomplished effectively only by increased supply or diminished spending. All that can be done is to distribute with some degree of equalization the burden of increased cost.

TRADE OF NYASALAND, 1941

H. L. BROWN, ACTING TRADE COMMISSIONER

Johannesburg, August 24, 1942.—A report recently published by the Customs Department of Nyasaland gives statistical and other details of the trade of the protectorate in 1941.

TOBACCO AND TEA

Weather conditions during the early part of 1941 were favourable for tobacco, which comprised 52 per cent of the exports of the country. A record crop was produced and, with improvement of grading and curing and favourable economic factors created by the international situation, higher prices were obtained for European and native grown leaf.

Tobacco exports in 1941 totalled 17,780,556 lb. valued at £666,772. This was an increase of nearly 33 per cent in weight and 38 per cent in value over the relative totals for 1940. Details were as follows: Tobacco leaf, dark fired, 7,441,496 lb., £279,056; flue cured, 3,103,639 lb., £116,387; air cured, 486,534 lb., £18,245. Tobacco strips, dark fired, 5,264,376 lb., £197,414; flue cured, 260,495 lb., £9,769; air cured, 1,224,016 lb., £45,901.

Tea exports in 1941 totalled 12,282,614 lb. valued at £562,953, and made up about 43 per cent of total exports. While slightly lower in volume, the exports of tea showed an increase of more than 16 per cent in value in comparison with 1940.

TRADE CONDITIONS

As total exports of domestic produce increased nearly 25 per cent in value over 1940, import trade reacted favourably and remained active throughout 1941. Import and export control did not materially affect trade, but towards the end of the year the difficulty of obtaining essential imports from overseas increased. Essential requirements are summarized as transport and agricultural equipment, packing materials, fertilizers, and cotton piece-goods.

IMPORTS BY MAIN GROUPS

The following table shows the value of imports by main classes in 1941 with comparative data for 1940:—

	1941	1940
Food, drink and tobacco.. . . .	£ 65,317	£ 59,147
Raw materials	15,311	15,335
Manufactured goods.. . . .	850,296	685,357
Miscellaneous.. . . .	37,373	33,127
Total.. . . .	£968,297	£792,966

The net increase of imports in 1941, as compared with 1940, was £175,331. This increase of over 22 per cent may be attributed to higher primary costs

and to an effort on the part of merchants to increase stocks in anticipation of greater difficulty in obtaining supplies.

PRINCIPAL IMPORTS

The more important types of goods imported in 1941 were: Grain and flour, £6,636; beverages, £4,586; spirits, £10,529; canned foods, £16,192; sugar, £15,700; chinaware, glass and glassware, £8,706; iron, steel and metal manufactures, £29,166; agricultural machinery and implements, £21,310; machinery, £33,780; timber, £2,612; manufactures of wood, £60,361; cotton goods, £364,906; goods of wool, silk, linen, etc., £12,989; clothing, £20,372; textile goods, n.o.p., £14,603; gasoline, oil and grease, £63,754; soap, £4,819; leather goods, especially footwear, £6,129; paper, £17,294; vehicles, £114,035; railway rolling stock and material, £4,440.

IMPORTS BY COUNTRIES OF ORIGIN

The United Kingdom supplied about 36 per cent of the total imports as compared with 45 per cent in 1940. Imports from other Empire countries made up 46 per cent as compared with 25 per cent in 1940, while the proportion from foreign countries decreased from 30 per cent in 1940 to 18 per cent in 1941. The greatest increase of imports from Empire countries was in supplies from India, which accounted for 15 per cent of the total in 1940 and 28 per cent in 1941. There were also increases in imports from the Union of South Africa and from Southern Rhodesia. Imports from Canada in 1941 made up 2.8 per cent of the total as compared with 1 per cent in 1940.

EXPORT DEVELOPMENT IN AUSTRALIA

From the British Export Gazette

The first report of the Export Development Group which was formed just over a year ago by members of the Sydney Chamber of Commerce was recently issued. It was originally planned that the Group's functions would be to assist exporters and manufacturers to develop export trade and to mould a foundation for post-war oversea trade. Its success is proved by the fact that, despite the shortage of shipping space, supply problems and export restrictions, Australia's exports to the Netherlands East Indies, Federated Malay States, India, Egypt, Palestine and South Africa were increased during 1941. It is reasonable to assume that the Group's contribution to this result was considerable, for, although exact figures are not available, 450 trade inquiries were received, of which approximately 40 per cent were taken up by one or more Sydney firms.

Connections have been established by the Group with 40 leading Chambers of Commerce, in addition to other trade associations, banking companies and government departments in many countries. Contact has been made also with the Department of Commerce, the Post-war Reconstruction Division of the Department of Labour and the National Service and the Commonwealth Tariff Board, all of which bodies have agreed to co-operate and exchange information and ideas with the Group.

Included among the Group's activities has been the dealing with numerous problems and grievances on behalf of members. The efforts made to reduce the time involved in securing permits for the export of wool resulted in a 50 per cent reduction in time and expense, and the Group was of assistance in solving the problems of the accumulated cargo awaiting shipment to Egypt, South Africa and Singapore and the need for improvements in packing and packing-cases for export.

"Although," continues the report, "export of manufactured articles increased during the past two years, the increase was not anywhere near the extent

of which we are capable, owing to engagement on defence work limiting the number of manufacturers able to participate. This position will be changed when conditions responsible become normal. While we must have export trade, it is doubtful if the definite sellers' market, on which we have been operating during the past two years, will continue very long after the war. Therefore, to compete with other countries, methods of marketing overseas will need to be even more efficient than those used on the domestic market.

"Thorough market research will be necessary, and in some cases it will be found that products, prices and also selling and advertising methods must be adjusted to meet the changed conditions. If necessary, these changes should be made. Intelligent application of sound marketing methods will result in good returns to the firm concerned and the people of Australia as a whole.

"The Group's part in this preparation and the post-war program depends on the use made of its services and avenues of contact by exporters and manufacturers, but whatever the avenue of contact used, the time to start is now, not after the war when the rest of the commercial world is working along the same lines."

PROCEDURE FOR SHIPMENTS TO THE NETHERLANDS WEST INDIES

From the *United States Journal of Commerce*

The Royal Netherlands Steamship Company has advised that, in order to utilize shipping space to provide for the movement of only vitally essential commodities, all offerings of cargo destined for ports in the Leeward Islands, Netherlands West Indies, and Paramaribo (Surinam) will be subject to the approval of the Netherlands Government.

Cargo will be booked by the line's agents, who are Funch, Edye & Co., in New York, and Strachan Shipping Co., in New Orleans, as heretofore, but in order that offerings may be placed before the Netherlands Government, the following procedure must be followed:

PROCEDURE OUTLINED

Shippers, or their agents, must write letters, in duplicate, incorporating the following information: name of shipper; port preferred from which shipment is to be made (it may not always be possible to assign space from the port preferred); name of concern or forwarding agent who will receive the cargo at loading port and arrange for delivery to vessel's loading pier and take out bills of lading, and port of destination (a separate letter must be submitted for each port); name of consignee; commodity to be shipped and number and kind of packages (avoiding use of general terms such as dry goods, groceries, hardware and machinery); weight (separate weight of each commodity and for each package exceeding 5,000 pounds); cubic measurement of each commodity, giving individual dimensions of large packages or pieces over 20 feet long; present location of cargo offered; date cargo can be available at loading port, export licence number and expiration date.

Even though shippers have already filed application for space, an entirely new application should be filed, including all the above particulars. Failure to include all the information requested will prevent consideration of applications.

After the applications are received by the agents, they will be forwarded to the Netherlands Government, and, if approved by that body, shippers will be notified when space is available. It was emphasized that letters of application should be submitted to but one of the agents.

Ports affected by the notice include Aruba, Curacao, Bonaire, St. Martins, Saba, St. Eustatius and Paramaribo.

IMPORT TRADE OF ARGENTINA, JANUARY TO JUNE

J. A. STRONG, CANADIAN COMMERCIAL ATTACHÉ

Buenos Aires, September 19, 1942.—The Argentine Government signed a new agreement with Spain on September 5 whereby Argentina is to exchange 36,750,000 bushels of wheat and 3,850 tons of leaf tobacco for 33,000 tons of Spanish steel and the construction by Spain of two 9,000-ton cargo steamers and a destroyer. Some other mutual concessions are included in the agreement. Argentina has very large surpluses of grain and will be needing steel shortly, particularly round bars for reinforcing, although these are now being rolled in Argentina.

Argentina is obtaining newsprint, wood-pulp and certain other products from Sweden in exchange largely for cattle hides and oil-bearing seeds. Arrivals of Canadian newsprint this year have been less than half the corresponding imports in 1941. Argentina has so far found it necessary to make few internal adjustments because of shortages of essential materials. The home production of petroleum provides about two-thirds of the normal domestic consumption requirements, which eases the fuel problem.

The difficulties that are being experienced by Argentina in obtaining certain raw materials and manufactured goods are reflected in some degree in the following table which includes the main commodities imported in the first half of each year since 1939. These import figures do not necessarily indicate the current stock position for any particular commodity, since imports for stock began in many cases before the outbreak of War.

Principal Argentine Imports, January to June

	1942	1941	1940	1939
	Tons	Tons	Tons	Tons
Asbestos fibre	3,243	1,030	2,613	1,310
Crude rubber	3,013	4,288	4,590	4,527
Dried codfish	178	420	2,767	3,109
Jute	30,437	22,856	22,587	18,626
	No.	No.	No.	No.
Electric meters	18,257	18,408	38,490	11,595
Cameras	3,276	11,848	14,948	50,126
Photo plates	36,724	58,610	39,359	127,499
	Doz.	Doz.	Doz.	Doz.
Scotch whisky	28,859	36,979	50,445	35,622
Gin	6,315	4,203	11,225	8,626
	Tons	Tons	Tons	Tons
Paper and products:				
Cardboard	7,278	5,892	7,023	8,768
Cardboard, fine	1,609	266	1,447	952
Wrapping paper	12,547	2,576	5,494	4,429
Wood-pulp	31,269	17,716	22,431	26,685
Newsprint	33,487	78,658	83,543	73,373
Book paper	12,883	6,031	17,385	12,871
Wallpaper	152	75	377	358
Cigarette paper	597	248	531	466
Toilet paper	347	47	359	322
Photo paper	80	51	70	111
Cellophane	611	259	464	264
Plywood	6,387	7,561	4,327	11,389
	M Ft.	M Ft.	M Ft.	M Ft.
Lumber				
Douglas fir	7,872	9,816	12,100	13,943
Pitch pine	4,899	15,437	26,835	28,102
	No.	No.	No.	No.
Cask shooks	221,290	205,677	236,309	279,031
	100 Units	100 Units	100 Units	100 Units
Handles	69,570	67,044	59,674	54,522

Principal Argentine Imports, January to June—Con.

	1942	1941	1940	1939
Iron and steel	Tons	Tons	Tons	Tons
Iron ingots	5,130	15,518	15,450	37,041
Steel sheets, bars, etc.	4,131	3,144	8,194	5,958
Rails, railway	187	960	1,443	16,308
Round iron bars	11,870	35,453	118,252	117,350
Iron sheets, unworked	26,389	34,369	85,900	67,139
Hoops	6,194	10,226	17,553	14,896
L.T.Y. beams	2,992	9,098	24,879	30,768
Steel girders	99	427	3,415	9,421
Galvanized sheets	358	456	1,355	899
Fish plates, railway	7	500	151	740
Iron wire to No. 14 ungal-				
vanized	12,336	16,852	14,543	14,298
Iron wire to No. 14 galvanized	2,798	1,179	10,771	13,545
Barb wire	128	110	2,448	5,810
Steel cables	519	559	677	888
Wire screen	1	27	73	282
Chains	173	156	250	442
Iron piping, wrought	2,846	599	2,180	9,358
Iron piping, soft	13,025	4,518	22,848	15,059
Iron piping, galvanized	891	1,842	7,012	8,364
Nails, tacks, etc.	518	884	539	830
Bolts and screws	1,218	453	2,063	2,401
Razor blades	18	33	79	52
Needles	8	63	12	17
Telephone cables	231	2,846	2,311	5,725
Valves	157	126	576	425
Base Metals	Tons	Tons	Tons	Tons
Copper wire and cable, electric	540	753	1,357	1,998
Copper wire, bare	192	66	134	278
Copper ingots and sheets	354	128	374	1,281
Electrolytic copper	6,663	2,670	3,070	2,019
Copper rivets and nails	134	22	45	32
Copper manufactures	316	270	407	468
Copper tubing	138	66	229	243
Electric cord	28	24	36	62
Aluminium ingots . . . . .	...	171	728	275
Tin	352	311	559	537
Tinplate	37,621	35,891	65,654	36,699
Anti-friction metal	35	58	322	151
Zinc ingots and bars	885	829	3,179	4,484
Zinc sheets	303	317	1,653	1,546
Machines and vehicles	No.	No.	No.	No.
Sewing machines	17,795	8,265	41,678	17,890
Typewriters	4,048	2,782	7,760	7,340
Calculating machines	1,248	1,342	1,836	1,664
Ploughs	385	95	3,005	4,597
Harvester combines . . . . .	...	27	18	193
Binders and headers	124	15	371	394
Tractors, agricultural	98	47	378	531
Aeroplanes	45	4	4	11
Passenger autos	3,402	3,371	13,476	10,452
Delivery trucks	9	189	1,855	1,507
Passenger car chassis	49	1	...	...
Bus chassis	35	1	17	40
Truck chassis	2,778	1,822	3,113	2,161
Diesel bus motors	38	5	5	56
Bicycles	52	5,738	39,974	69,967
Locomotives . . . . .	...	...	...	10
Chemicals, etc.	Tons	Tons	Tons	Tons
Caustic soda	20,736	3,425	17,707	9,310
Solvay	16,286	9,417	24,127	20,544
Zinc oxide	506	221	1,294	1,248
Paraffin, crude	2,205	2,889	1,886	2,403
Vaseline	498	134	244	123
Aluminium sulphate	715	585	2,566	3,516
Calcium carbide	9,610	4,845	7,696	4,407
Calcium chloride, impure	419	4,462	4,224	3,404
Copper sulphate	1,932	765	762	808
Boiler compound	492	488	372	385
Disinfectants and dips	4,237	5,025	7,141	5,579
Red iron oxide	2,213	797	1,059	546
Resin, clear	1,179	3,069	1,245	2,373
Resin, other	2,186	4,535	3,305	4,448
Sodium bicarbonate, industrial	2,262	2,654	1,533	1,108

Fuel	1942 Tons	1941 Tons	1940 Tons	1939 Tons
Fuel oil..	465,308	590,099	558,925	493,458
Diesel oil..	48,398	136,863	121,227	176,474
Gas oil..	3,550	38,699	39,716	7,835
Crude oil..	260,359	231,530	269,126	370,962
Coal	364,338	548,456	1,283,731	1,763,238
Coke..	12,618	7,177	14,461	25,064
Lubricants	1,934	771	3,932	3,975
	Gals.	Gals.	Gals.	Gals.
Gasolene..	48,933	100,610	314,253	353,332

BRANCH FACTORIES IN SOUTH AMERICA

From the *British Export Gazette*

Increasing wartime difficulties in obtaining semi-manufactured or manufactured goods from abroad is giving tremendous impetus to the industrialization of South America, a phenomenon which first appeared during the equally difficult importing days of the war of 1914-18. It must be remembered that South America possesses vast resources of mineral ores and coal, as well as unbounded raw materials such as cotton, wool, rubber, hides and skins. An outstanding example of industrialization is the growth of the cotton textile industry in Sao Paulo, Brazil, which, by utilizing that country's own raw cotton, now fills the home textile market and exports more and more to other South American countries and also as far afield as South Africa.

The view may be held that many of these new industries in South America may disappear after the war, unable to stand up against international competition. Against this can be set the opinion that any undue prolongation of the war would enable these new industries to become firmly established, while it is always the general tendency of South American governments to protect new industries by prohibitive import tariffs. It is difficult, or impossible, at this wartime juncture to say which of these views may turn out to be correct, although it may be thought that any post-war international arrangement for marketing South American products in Europe must surely also provide for South America resuming compensatory purchases of manufactured articles. In any case it well behoves British manufacturing firms to follow very closely developments in South America in their relation to their policy—observable over pre-war years—to establish branch manufacturing concerns in the various Republics so as largely to retain markets despite high import tariffs.

WAR ACCELERATES BRAZIL'S INDUSTRIALIZATION

It was always believed that Brazil would become one of the chief manufacturing countries of the world, but the process of industrialization is being much accelerated by the war, particularly because of the demands of the United Nations for strategic materials. The chief industrial region of Brazil is Sao Paulo, so that recent experiences in that area may serve best as a guide to British manufacturers in their future policy.

According to the profit and loss accounts for 1941 of local manufacturing concerns, that have so far been published, in Sao Paulo, it would seem that the step-up in production last year was amply rewarded by increased profits. There is a growing tendency to plough back the larger part of the profits made by industrial concerns, either by increasing capital or by the constitution of special reserve funds, although, as is usual in Brazil, a liberal policy as regards distribution to shareholders continues.

In some cases profits in relation to registered capital are phenomenal, and it is by no means uncommon to find concerns doubling their capital out of profits

over a period of a few years, at the same time paying dividends which, from all points of view, can be considered handsome. Moreover, in view of the belief held in some quarters that the present Brazilian export movement in manufactured goods is a wartime increase that will not be maintained at the conclusion of hostilities, it is interesting to read in the annual reports of leading Sao Paulo firms that experts have been sent to several other South American countries to study their requirements and are adapting part of their production to meet the demand.

One of the best-informed authorities regarding trade possibilities in Brazil is the British Chamber of Commerce in Sao Paulo. During the years between the last and the present world wars, the Chamber constantly urged upon manufacturers in Great Britain—whose goods, for a variety of reasons, including competition from locally made goods and increased customs duties, could no longer enter the Brazilian market—to consider the desirability of establishing branch factories there.

ECONOMIC CONDITIONS IN CHILE

M. J. VECHSLER, CANADIAN TRADE COMMISSIONER

Santiago, September 25, 1942.—From such information as is at present available, two outstanding factors are revealed in a review of Chile's economic position during the first half of the present year. The first is that Chilean production has not continued to increase but rather has declined in important lines. The second is that not only has the domestic price level continued its general rise, but, according to the Central Bank of Chile, monetary inflation has begun to make its appearance.

MINING PRODUCTION

Figures showing the production of nitrates have not been published for several years, and recently those showing the production of copper and iron ore have been temporarily suppressed. As a result, recourse must be had to the general index of mining activity. During the first six months of the present year, mining production has not continued to increase as in previous comparable periods. The average of the index for the first half of 1942 is 107 as compared with 112 for the last six months of 1941, a decline of 4·5 per cent.

During the second half of 1941, 993,173 tons of coal were produced as compared with 919,449 tons in the first half of 1942, a decrease of 7·4 per cent.

Gold production also continued to decline. During the first half of 1942, 3,033 kilograms were produced. This compares with 4,656 kilograms for the corresponding period of 1941 and with 3,573 kilograms for the final six months of 1941. The drop has occurred in both the production of the mines and the placers, the latter having fallen to a lower level than that of the second half of 1932, shortly after the exploitation of the placers was organized.

MANUFACTURING PRODUCTION

A slight decline, which is not of a seasonal nature, has also occurred in manufacturing production. The general index figure for the second half of 1941 stood at 174·5 whereas that for the first half of 1942 was 167·6, a drop of 4 per cent which affected the majority of industries making up the index. Although the official index of manufacturing production is not complete, it can be taken that the movement recorded in the first half of the year indicates that manufacturing production in general has entered upon an unvarying period.

AGRICULTURAL PRODUCTION

There have also been lower yields in agricultural production. The wheat crop yielded 7,691,818 metric quintals and is the poorest for the past nine years. In order to cover the shortage resulting from the low yield and the needs of the country, the Agricultural Export Board has, up to the present, authorized the importation of 950,000 quintals from Argentina.

The oat crop, totalling 663,937 metric quintals, has been the smallest for the past 17 years. The barley harvest of 692,546 metric quintals is one of the lowest registered since the beginning of the century, only the production of 1931-32 being slightly lower than that of the present year.

FOREIGN TRADE

The foreign trade of Chile in the first half of 1942 has remained at the same level as that of the previous six months' period. Exports amounted to 343 million gold pesos in the first half of 1941, 424 millions in the second half of 1941, and 425 millions in the first half of 1942. Imports were 228 million gold pesos in the first half of 1941, 296 millions in the second half and 297 millions in the first half of 1942.

Mining products accounted for 74 per cent of total Chilean exports in the first half of 1939 and for 83 per cent during the first half of 1942. At the same time exports of agricultural produce, live-stock products and foodstuffs declined during the period under review from 23 per cent to 14 per cent of total exports.

Most of Chile's commercial interchange is confined to-day to the American continent. Of the total exports for the first half of the present year, 69.3 per cent went to the United States and 30.3 per cent to Latin American countries. Of imports, 47.8 per cent came from the United States and 39.2 per cent from Latin America.

While mining and industrial production has remained more or less stationary, with a slight downward trend being evidenced, agricultural production shows a marked decline. Though foreign trade figures remain unchanged, prices in every line continued to rise.

WHOLESALE PRICES

Between December, 1941, and June, 1942, the general level of wholesale prices rose 14 per cent. The different component indices show the following increases: farm produce, 12 per cent; mining products, 3 per cent; national industrial products, 22 per cent; imported commodities, 13 per cent.

COST OF LIVING

During the same period, the index of the cost of living in Santiago has also risen by 14 per cent. The component indices disclose the following increases in the six months' period above: Foodstuffs, 13 per cent; rentals, 25 per cent; fuel and light, 13 per cent; clothing, 13 per cent; and sundries, 3 per cent.

An increase in salaries of private employees came into effect at the beginning of the year and this increase has continued. The moderate increases in wages during the first half of the present year reflects the not very promising situation of production activity.

AGRICULTURAL BANK OF BOLIVIA

M. J. VECHSLER, CANADIAN TRADE COMMISSIONER

Santiago, September 28, 1942.—The Agricultural Bank of Bolivia (Banco Agrícola de Bolivia), authorized by Decree Law of February 11, 1942, opened its doors on July 27 last at La Paz. Branches are to be established shortly at Cochabamba and Santa Cruz de la Sierra.

The primary functions of the Bank as laid down by the decree are to develop the agricultural interests of the country, particularly the live-stock industry, and to co-operate in matters relating to colonization. The Bank is empowered to make loans for the purpose of developing agricultural production, including the purchase of machinery; to make advances with the sale of the crops as a guarantee; to sell on consignment live stock for sale in the country or abroad on account of the consignees; to grant special mortgage credits to agriculturists; and to import seed, fertilizers, chemical products and pure-bred cattle. It will also afford assistance in the formation of co-operatives and rural associations by granting credits and other facilities.

It is expected that the Agricultural Bank of Bolivia will play an important part in the social, economic and financial structure of the country, having as its ultimate purpose the stabilization and expansion of the national live-stock industry. The establishing of the Bank is regarded as a precautionary step incident to the continuance or termination of the war with a view to facilitating the return to the land of many workers now engaged in the mining industry.

CONTROL OF EXPORTS: ADDITION TO LIST OF PRODUCTS AFFECTED

By Order in Council P.C. 9159, effective October 9, 1942, cedar shingles, included in Group 4 (Wood, Wood Products and Paper), are added to the list of commodities for which an export permit is required for shipment to any country.

TARIFF CHANGES AND TRADE REGULATIONS

United Kingdom

SEPARATE IMPORT LICENCES REQUIRED FOR TIN

With reference to *Commercial Intelligence Journal* No. 2007 (July 18, 1942), pages 73-4, showing the import licensing position in the United Kingdom as at June 9, 1942, Notice to Importers No. 155 announces the revocation, effective as from September 14, 1942, of the Open General Licence permitting the importation without separate licences of tin ores, concentrates and residues.

Eire

RESTRICTION ON PARCEL POST SHIPMENTS

The Post Office Department at Ottawa, on October 9, issued instructions that, due to the fact that the present very large volume of parcel post addressed to Ireland (Eire) threatens to interfere with the expeditious movement of vital necessities, the following restrictions, effective at once, have been ordered, as a military necessity, on parcel post for Ireland (Eire):—

1. No parcel shall be accepted for mailing if it exceeds 11 pounds in weight and 18 inches in length or 42 inches in length and girth combined.

2. Not more than one such parcel shall be accepted for mailing in any one week when sent by or on behalf of the same person or concern to or for the same addressee.
3. Perishable matter, regardless of weight or size as set forth in paragraph 1, shall not be accepted for mailing.

Union of South Africa

WOOD, LEATHER AND TEXTILE PRODUCTS UNDER CONTROL

Government notices have been issued in the Union of South Africa adding to a former list of 13 classes of commodities subjected to control under a proclamation of January 26, 1942, made under the War Measures Act 1940. The effect is to exercise control over prices, distribution, stocks held, etc. The additional commodities brought within the scope of the regulations are: Timber and wood products, wallboard, hardboard, insulating board obtained from wood or other materials, plywood, veneer and case wood, on July 9 being designated item 14 in the controlled list; leather, leather goods, hides and skins, item 15; all types of textiles, fibres, bristles, yarns, threads, fabrics and articles manufactured therefrom, on August 28 being item 16. A new Controller has been named for each of the three classes of goods.

The War Measures Act gave the Minister of Commerce and Industries power to appoint such Controllers and to amend the schedule of controlled goods either by deletion or addition. A Controller may constitute committees, appoint deputy-controllers, and officers to assist him. He may by means of notice in the *Gazette* (a) prohibit acquisition, disposal or use of any controlled material or the manufacture of any article from such material, except under conditions imposed by the Controller; (b) order any person who produces, sells, consumes or owns controlled goods to furnish information relating to them. He may order disposal of controlled material as he directs upon payment of its cost plus a percentage fixed by the Controller, and may require that records be kept relating to such articles.

Newfoundland

EXPORT LEVY ON SALTED SEALSKINS AND FISH

A Newfoundland measure approved September 16, 1942, provides for the following export levies between that date and July 1, 1943: on salted sealskins 5 cents each; on salted or pickled herring, mackerel, salmon or turbot 20 cents per barrel containing from 200 to 250 pounds, or 10 cents per half barrel, or per 100 pounds when exported in other containers or in bulk. The amounts collected from exporters and equivalent amounts contributed by the Government are to be used for the assistance of the fishing industry generally or particularly.

Trinidad

CANCELLATION OF OLD IMPORT LICENCES

A notice appeared in the *Trinidad Royal Gazette* of September 17, 1942, stating that all licences granted previous to September 5, 1941, for the importation of articles whose importation is now prohibited are cancelled. The issue of this notice was considered necessary on account of some licences having been issued without any specification of the date of expiration.

Dominica

BULK PURCHASE OF FOODSTUFFS

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, reports that, according to a notice in the *Dominica Official Gazette* of September 14,

import licences for foodstuffs from Canada or the United States are no longer being issued, as foodstuffs are to be under bulk order by the Government.

Bulk orders, it has been ascertained will be placed through the British West Indies Trade Commissioner, Board of Trade Building, Montreal, who will work in co-operation with the authorities in Canada. Products thus purchased will include flour, salt fish, pickled meats, margarine, condensed milk, lard substitutes, butter, cheese, and tea.

United States

MICA AND CANNED SALMON REGULATIONS

New United States regulations concerning trade in mica and canned salmon are reported by Mr. L. H. Ausman, Assistant Trade Commissioner in New York, under date October 2, 1942.

MICA

Mica was one of the products placed under import control by the War Production Board of the United States under General Import Order M-63. Certain exceptions made it possible, however, for private importations to continue under contracts then existing.

A Supplemental Order, effective September 30, prohibits such private imports from Brazil and India, without special authorization by the Director General of Operations.

Arrangements have now been made for the purchase and importation of Brazilian and Indian mica by governmental agencies. This does not apply to material already prepared and loaded for shipment.

CANNED SALMON

It was reported in *Commercial Intelligence Journal* No. 2004 (June 27, 1942), page 694, that canners had been ordered by the United States War Production Board to set aside their entire 1942 pack of salmon for the use of the Government, except for sales already made.

A Supplementary Order on September 9 froze the entire 1942 pack in canners' hands until further notice. A further Order issued on September 30 released for civilian consumption twenty per cent of the total salmon pack between March 1 and October 31, provided that the canner has first delivered at least sixty per cent of his pack of steelhead, chinook, silver, red, pink and chum species to the Government. The remaining twenty per cent is to be retained by the canner until it is determined whether the pack or any part of it will be required by the Government. If not, it will in due course be released for civilian consumption.

A total of about 1,156,000 cases will be made available for civilian consumption within the next few months. This represents about one-fifth of the total annual consumption of salmon which is said to be in the neighbourhood of 5½ to 6 million cases.

St. Pierre and Miquelon

SURTAX ON IMPORTS

Mr. Christopher Eberts, Acting Consul for Canada in St. Pierre and Miquelon, writes that an Administrative Order of St. Pierre and Miquelon of February 3, 1942, replaces a surtax of 12 per cent ad valorem applicable to some imports under an Order of September 30, 1941, with a surtax of 2 per cent ad valorem on all imports.

EXCHANGE CONTROL REGULATIONS

A General Instruction dated March 26, 1942, makes it necessary for importers in St. Pierre and Miquelon to obtain permits for any goods they wish

to import. A request for the permit must be made before the goods are ordered. Payment for goods purchased is authorized by the Exchange Control Service upon presentation of the import permit and within the limits of available credits. Payment is effected through one of the banks chosen by the importer from the list of banks acceptable to the Administration. When goods are purchased on credit, payable after importation, the importer must also present the certificate of importation and the original invoice. When payment for the goods is made in advance the importer undertakes to furnish the import certificate and original invoice at a later date.

IMPORT QUOTAS

A further Instruction dated April 30, 1942, provides that import permits in St. Pierre and Miquelon will be issued for the current year in certain specified proportions of each merchant's imports during the previous year.

The import of food products, clothing, material for navigation and sail-making and in general materials of prime necessity of average quality may be effected in an amount equal in quantity and quality to imports in the previous year. Among the products listed in this classification are: live animals; fresh, salted and smoked meat; lard; eggs; preserved milk; cheese purchased at a price less than 50 francs per kilo; honey; butter; fish; wheat; wheat flour; fruits, fresh or preserved; potatoes and other vegetables; biscuits less than 16 francs per kilo; confectionery; oiled clothing; footwear of leather or rubber; leather clothing; hosiery of cotton or wool; underwear of cotton, linen or wool; construction wood of all common kinds; hardware; common electrical material; paper wares and printing material; compound medicines (subject to medical approval); matches; soap of average quality.

The following are limited to three-quarters of imports during the previous year: footwear of tissue, ready-made clothing, hats, leather gloves and generally all made-up articles of which it is necessary to keep stocks of various sizes.

Imports in an amount equal to one-half of the previous year's imports are permitted of certain wines, beer, pickles and other condiments, clocks and watches, photographic material (except cameras), oilcloth and linoleum, wall-paper, paints (except paint for ships), and food products not considered of prime necessity.

Imports of the following products are subject to special authorization issued after due consideration of each case: coal, mineral oils, furniture, bakery accessories, all articles subject to special export regulations in other countries and all articles of non-current use.

The importation of the following products is prohibited: doors, window-panes, dories and all manufactures whose importation might cause local unemployment. Importations of luxury articles are also prohibited in principle but they may be authorized if the importer provides the necessary foreign exchange to pay for them.

Uruguay

SURCHARGE TO INCREASE DUTIES

A surcharge on import duties, paid in paper currency, in effect in Uruguay since 1931, on account of 25 per cent of the duties being leviable in gold, was replaced in a decree law of July 24, 1942, by a 50 per cent surcharge which, as reported in the British *Board of Trade Journal*, is applicable to all imports except bulk sugar, yerba mate, coffee, coal, kerosene, raw materials for industries unobtainable in Uruguay. Any other staple products may be subsequently included in the exemptions. H.M. Minister at Montevideo, telegraphed that the new surcharge will increase duties by 8 to 10 per cent.

EXCHANGE CONDITIONS IN CUBA, HAITI, DOMINICAN REPUBLIC, PUERTO RICO AND UNITED STATES VIRGIN ISLANDS

J. L. MUTTER, CANADIAN TRADE COMMISSIONER

Havana, October 1, 1942.—No official exchange restrictions of any kind are in force in the five countries above named, which might affect the collection of bills drawn on importers therein by persons abroad. Importers in these territories can obtain freely the foreign exchange necessary to pay for their shipments from Canada.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING OCT. 13, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Tuesday, October 13, 1942, and for the week ending Monday, October 5, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Oct. 5	Nominal Quotations in Montreal Week ending Oct. 13	Official Bank Rate
Great Britain.	Pound	4.8666			
	Buying		\$4.4300	\$4.4300	2
	Selling		4.4700	4.4700	—
United States.	Dollar	1.0000			
	Buying		1.1000	1.1000	1
	Selling		1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
	Bid		4.4200	4.4200	—
	Offer		4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
	Official		.3304	.3304	3½
	Free		.2625	.2633	—
Brazil.	Milreis (Paper)	.1196			
	Official		.0673	.0673	—
	Free		.0571	.0571	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
	Official		.0574	.0574	3-4½
	Export		.0444	.0444	—
Colombia.	Peso	.9733	.6334	.6328	4
Venezuela	Bolivar	.1930			
	Official		.3313	.3313	—
	Free		.3330	.3330	—
Uruguay.	Peso	1.0342			
	Controlled		.7307	.7307	—
	Uncontrolled		.5852	.5852	—
South Africa.	Pound	4.8666			
	Bid		4.3862	4.3862	3
	Offer		4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
	Bid		4.5380	4.5380	—
	Offer		4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
	Bid		3.5300	3.5300	3
	Offer		3.5760	3.5760	—
New Zealand.	Pound	4.8666			
	Bid		3.5440	3.5440	1½
	Offer		3.5940	3.5940	—

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Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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FLOUR IN LOURENCO MARQUES

H. L. BROWN, ACTING TRADE COMMISSIONER

Johannesburg, August 15, 1942.—During a recent visit to Lourenco Marques the opportunity was taken to investigate thoroughly the market for wheat flour in that city. Facts and conclusions are summarized in this report, which, while descriptive of the position mainly in the city of Lourenco Marques, can be largely applied to the Colony of Mozambique (Portuguese East Africa) as a whole in view of the preponderant commercial importance of Lourenco Marques and of the fact that flour consumption is confined largely to the cities and towns.

IMPORTATIONS

Total imports of wheat flour into the Colony of Mozambique during recent years were as follows, values being expressed in contos (thousands of escudos), with approximate equivalents in Canadian dollars, at the rate of \$45 to one conto, shown within parentheses: 1941, 7,691 metric tons valued at 12,087 contos (\$543,915); 1940, 7,288 metric tons, 9,571 contos (\$430,695); 1939, 7,611 metric tons, 7,740 contos (\$340,600); 1938, 7,115 metric tons, 9,155 contos (\$411,975); 1937, 6,689 metric tons, 9,803 contos (\$441,135). Annual imports into the Colony as a whole, therefore, average about 7,280 metric tons, or approximately 8,150 short tons.

Under normal circumstances by far the greater proportion of importations of flour come from Australia, with lesser quantities from Canada, British India

and the United States. Detailed statistics of imports in 1941 are shown in the following table:—

Imports of Wheat Flour into Mozambique in 1941

Country of Origin	Government Area		Company Area		Total for Colony		Approximate Equivalent in Canadian Dollars
	M. Tons	Contos	M. Tons	Contos	M. Tons	Contos	
Total.	6,797	10,426	894	1,661	7,691	12,087	\$543,915
Australia.	5,659	8,232	250	401	5,909	8,633	388,485
Canada	686	1,313	494	905	1,180	2,218	99,810
India.	313	624	29	53	342	677	30,465
United States.	129	229	48	93	177	322	14,490
South Africa.	9	25	24	60	33	85	3,825

The statistics have been maintained separately for the territory under the direct administration of the State and for the two territories of Manica and Sofala, which until July, 1942, were under the separate administration of the Companhia da Mocambique. This is a charter company which for fifty years had exercised governmental functions in the two territories. The main seaport of the company area is Beira.

AUSTRALIAN AND CANADIAN FLOUR

Australian flour enjoys a preference among bakers, mainly because it is normally quoted at only about two-thirds the price of Canadian top patent. However, even though machine mixers are used, there is a preference also for the easier working qualities of Australian flour, because a reduction of mixing time represents a saving of electricity, which is expensive. The bakers appreciate that a blend of the two flours gives better results than Australian alone, and they favour an admixture of 10 to 15 per cent Canadian flour, a proportion which varies with conditions of price, the quality of each particular shipment and according to the personal idiosyncracies of the user. One baker stated he would be glad to use up to 50 per cent Canadian flour were it not so expensive, and flour importers state that on occasion, when price has permitted, this percentage has been reached in common practice. Another baker contended that bread must have Australian flour to give it flavour, it being his idea that Canadian flour has been processed too much and has consequently lost flavour. This opinion is presumably associated with the fact that he is accustomed to the flavour of bread made mainly from Australian flour.

The normal difference in the prices of the two flours is upwards of \$1 per 100 pounds, the Canadian product averaging about \$3 to \$3.25 per bag and the Australian about \$2 to \$2.50 to the baker. The percentage difference in price, amounting as it does to as much as 50 per cent, is thus marked, and the attitude of the bakers is understandable. Inquiries as to the mark-up over the duty-paid price indicate that not only is Australian flour cheaper, c.i.f., but importers sometimes take a profit as high as 45 cents per 100 pounds on Canadian flour. They state that they have to do this, as they can sell only twenty to thirty bags at a time and must therefore have a wider margin than on Australian flour of which they sell about eight times as much. (This proportion applies in Lourenco Marques but, as indicated in the statistics of imports in 1941, the proportions are different in Manica and Sofala, which imported twice as much Canadian flour as Australian in 1941.)

Several importers of Canadian flour have experimented by purchasing lower grades than top patent in an effort to supply a cheaper quality in view of the current absence of Australian flour. The results have not been very helpful in that the bakers report that this lower-grade flour is not as good as the top patent which they have been using. Obviously the bakers have not made any comparison between Australian flour and the lower-grade Canadian flour but have compared the latter only with the best Canadian flour. In short they are quite convinced that the only Canadian flour of interest to them is the best.

By way of summary under this heading it may be stated that Australian flour is favoured because it is cheaper, more easily worked and because the trade is accustomed to it, while Canadian flour is appreciated for its strength and consequent capacity to improve the results obtained as compared with the results from Australian flour only.

ARGENTINE AND OTHER FLOUR

The statistics, as quoted above, indicate moderate importations of flour from British India, but these are not of sufficient importance in the market to provide definite information as to its reception, and presumably it is regarded as equivalent to Australian. Flour imported from the United States is similarly associated by bakers with Canadian flour and has no marked individual place.

Owing to the shortage of shipping space, little Canadian and no Australian flour has arrived since early this year. The Portuguese authorities, in association with two large importing firms, arranged for a shipment from Argentina estimated to total 5,000 tons. While this shipment is only now going into consumption, it appears to be accepted by the bakers as comparable with Australian flour. Whether or not this trade will continue after the war is a matter of conjecture, but there would seem to be no present reason for any important development of this kind.

POPULATION OF THE COLONY

The native population of Mozambique totals several millions, but, as the natives are small consumers of flour, their numbers are of relatively little importance for the purpose of this report. In the larger centres, such as Lourenco Marques, native workmen, particularly on the docks, are sometimes given rolls made from wheat flour and thus develop a taste for bread, but their income is usually insufficient to enable them to purchase any substantial proportion of the total amount used.

The non-native population of Mozambique, according to the census of 1940, is 55,451, of which 27,438 are of European origin, 10,596 are of East Indian and Oriental origin, and the remainder of coloured or mixed origin. In the district of Lourenco Marques there are 29,029 persons, or well over half of the total non-native population of the colony. Of these, 23,153 live in the city of Lourenco Marques and thus account for some 42 per cent of the total.

GOVERNMENT CONTROL

The importation of all wheat flour is subject to the administration of the *Comissao Reguladora da Importacao da Colonia de Mocambique*, which also controls the sale of flour on a quota basis to established bakers and for the retail trade in shops. The Control takes over all importations on a basis of cost plus 10 per cent, and this arrangement appears to be working out very satisfactorily. It has the effect of distributing flour regardless of brand, but this is not as important as might be expected owing to the fact that the bakers are not so much influenced by brands as by country of origin.

The import duty on flour is 7 escudos per 100 kilograms, or approximately 14 cents Canadian per 98 pounds. There are no preferential duties affecting countries supplying the market at present.

BAKERS AND BAKING METHODS

There are some twenty-two bakers in the city of Lourenco Marques, practically all of whom are Greeks. The average consumption of flour by bakers is

about seven bags a day, although a few may use as many as fifteen bags. The bakers supply the greater part of the city's requirements of bread, as there is very little baking of bread in the homes. There is also at least one macaroni factory which uses fair quantities of flour, mainly Australian.

About four years ago the use of machine mixers in the city was made compulsory by law. All bakers therefore have such equipment. There are a number of modern Swiss mixing machines, but some old German types are still operating. The ovens are all much of a type and are well constructed of brick, giving a baking space of approximately 10 feet by 8 feet with a height of 2 to 4 feet. They are heated from beneath by wood fires which are stoked at the back. Flues are constructed in such a way that the heat and smoke may be used to the full in warming the oven. Firing is continuous while baking takes place. Thermometers are not used, and the temperature is judged by "feel" and experience. One baker uses a modern type of steel oven.

Until the manufacture of yeast was undertaken in Lourenco Marques, it was imported from Johannesburg and is reported to have been nearly half as strong again as the local yeast now used. A package of 450 grams of local yeast is sufficient for a day's batch of 400 to 500 pounds of flour. At least one baker prefers to use a varying proportion of hops with his yeast, stating that a better bread is obtained and that the local yeast requires the "boost" resulting from the addition of hops. The proportion of hops varies according to the type and condition of the flour as well as of the yeast.

The yeast is mixed with about 50 pounds of flour, and a small quantity of salt is used but no sugar. This sponge is allowed to ferment for two or three hours. It is then mixed with the remainder of the flour in a machine for fifteen to thirty minutes. The dough is allowed to rise for two to three hours and is then cut, weighed and rolled to shape and set in trays to raise for half an hour to an hour. There is no punching apart from that involved in these operations. Small loaves of 60 grams are cooked for twenty to thirty minutes, while loaves of 250 grams or more are baked for about one hour. These data represent an average of the varying procedures of several bakeries. In each case the bread texture is open and coarse, while the crust is crisp and well coloured.

MARKET PROSPECTS

This report summarizes the current market position and bears particularly on conditions up to the first part of this year. The prevailing lack of shipping space has prevented the customary importations of Canadian and Australian flour. This situation has not been in effect long enough to change the opinions and practices of the bakers, and it need not lead to any fundamental change. There is a possibility that Argentine flour may be found as satisfactory as or even preferable to Australian, but post-war developments for either flour would be dependent on the factors of price and delivery.

Canadian flour has been established as a necessity for strengthening soft wheat flour, and it need not relinquish this position provided it continues to be available on terms competitive with other hard-wheat flours. Any increase in the demand for Canadian top patent depends solely on price. Any narrowing of the gap between the price of Canadian top patent and that of soft-wheat flour can bring a direct increase in the consumption of Canadian flour up to a volume of 50 per cent of the quantity of soft-wheat flour. That is, imports of Canadian flour might be developed to one-third of the total flour imports of the Colony. This would mean an increase from the present figure of about 700 tons a year to a theoretical maximum of some 2,700 tons. It is purely a question of price differential.

MARKET FOR SPARK PLUGS IN IRELAND

E. L. McCOLL, CANADIAN TRADE COMMISSIONER

Dublin, September 30, 1942.—The recent suspension of import restrictions on spark plugs in Eire directs attention to local manufacture, which was first attempted in 1931. The market proved to be conservative and reluctant to accept a new article. Because of insufficient capital, lack of tariff and import quota protection, the venture was short lived. Early in 1936 the industry was revived by two independent companies. One was the Leinster Engineering Company, Limited, of Dublin, and the other the Automotive Industries, Limited, Drogheda, Co. Louth. The former makes an all-mica plug under the brand "Igna", while the latter manufactures two types—one all mica and the other of mica with a porcelain protecting sleeve—under the trade mark "Eagle". Both concerns have been active producers, up to the present emergency, of a complete range of spark plugs to meet the entire market requirements of this country within the field of various kinds of engines, including Diesel (both stationary and marine), tractors, cars, trucks, and omnibuses.

RAW MATERIALS

The bulk of the mica used is obtained from Southern Rhodesia, Madagascar and Madras and is in the main purchased through agents in the United Kingdom. Some Canadian mica is also used. The steel and all other necessary materials for this industry are obtained principally from Empire countries, including Great Britain. Practically all supplies of the nickel-silicon alloy come from Canada.

CUSTOMS TARIFF AND QUOTA PROTECTION

To assist this industry in gaining a foothold in the local market the Eire Government placed import duties on spark plugs. While this measure was of some assistance it was not sufficient, as domestic producers were faced with the keen competition from surplus stocks dumped into Eire by large overseas manufacturers. Recourse was then had to the quota system, which was put into force on October 5, 1937. By this decree the importation of sparking plugs and parts thereof was restricted to 5,000 units. Licences were required and were granted only for plugs of a special type. This protective action on the part of the Government had the desired effect and assured success to this new industry.

TEMPORARY SUSPENSION OF QUOTA

By a recent Order of the Government of Eire, issued under the Emergency Powers Order, 1941, the import quota restrictions on spark plugs have been temporarily suspended for the period August 1, 1942, to January 31, 1943, during which time supplies may be imported without quantitative limitation. The suspension is brought about by the current extreme scarcity of raw materials. The import duty on completely assembled plugs is 1s. 6d. each, irrespective of country of origin.

TYPES OF PLUGS PRODUCED

The mica-insulated plug has been developed in Eire to a high standard of efficiency, and at present gives reasonable satisfaction. In view of the present advances made in engine design, it is considered that an improved form of insulation for plugs will have to be devised to meet post-war conditions.

CONSUMPTION

The pre-war annual requirements for plugs in this country are estimated to be in the neighbourhood of 200,000. The recent prohibition of the use of

private motor-cars and certain light delivery vans, in order to conserve as far as possible the country's petrol stocks, has drastically cut this consumption. Prior to the imposition of quota restrictions, Canadian manufacturers obtained an important share of the trade. Statistics covering plug imports are not compiled separately in this country.

PRESENT POSITION

As local factories are unable to meet the demand for spark plugs, there is a good market awaiting Canadian producers if they are permitted to export. The retail price for plugs in this market ranges from 5s. 6d. to 12s. 6d. each.

PROBLEM OF INFLATION IN SOUTH AFRICA

J. C. MACGILLIVRAY, CANADIAN TRADE COMMISSIONER

Johannesburg, August 28, 1942.—The problems of a Minister of Finance in wartime was the subject of an address by Mr. J. H. Hofmeyr, Minister of Finance in the South African Government, at a recent luncheon meeting of the Rotary Club. Following is a summary of the Minister's address:—

As time goes on the Minister of Finance finds himself paying much more attention to economic than to fiscal problems and concerned not just with raising money but with raising it in such a way than economic evils are kept in check. Our war expenditure is being incurred not only for our benefit but also for the benefit of posterity. No one would, I think, have foretold in 1939 that in 1942 we would be meeting a defence expenditure to the amount of £80,000,000 per annum and still be in as good condition financially as we are to-day. Certainly we can say that we have not done too badly. We have financed our war needs from our own resources, not going to London for help, and we have done more than finance our war needs.

INCREASED INCOME

Up to the end of the financial year 1940-41—in the first nineteen months of the war—our expenditure amounted to £64,850,000. Of this sum, £31,850,000 came out of income and £33,000,000, about 51 per cent, was borrowed.

In 1941-42 our defence expenditure was £72,000,000. Steps were taken to increase taxation, and £39,000,000 was in that year found out of income, leaving £33,000,000—this time, however, less than 46 per cent of the total—to be borrowed. We, therefore, borrowed a smaller proportion, and also borrowed at lower rates of interest—an indication, at least in part, of the success of our financial policy and of public confidence.

MONEY RATES

Our first war loan was floated in October, 1939, at 3½ per cent at a discount on a 10-year basis; at present we have no difficulty in raising money at 3 per cent at par on a 22-year basis. But not only have we succeeded in raising at decreasing interest rates all the money we needed to borrow to meet defence requirements, not only have we gone on with the policy of using capital funds for the development of our national resources—for harbour works, for housing, for industrial development and the like—but we have also raised a good deal more besides.

GOLD PRODUCTION: DANGER OF INFLATION

Now I come to the second part of a Minister of Finance's wartime task—the economic side. The essence of that part of his problem is that there is a very considerable increase in the amount of money available for spending by the public. Some would link that up with the fact that we are getting money for our

gold, or, to put it differently, that the increased gold production makes possible an increased creation of credit against it. That is true enough, but I would rather link it up with our increased war expenditure. If we produced less gold but still spent as much on the war as we are doing now, we would still have to take steps that would lead to the creation of credit, only in a less satisfactory way. I say that because of the suggestion which has been made that a decreased gold production would in itself help to combat inflation, a statement which certainly cannot be accepted without considerable qualifications. That, however, is by the way.

IDLE BANK DEPOSITS

Let us get back to the facts with which we are confronted. We are in a state of full employment. There is a great deal more money than there was in the hands of the people. There might be even more—one has only to look at the increased amount of idle bank deposits to realize the force of that statement—and therein lies the danger. While we have, as a result of the war, more money as a people to spend, we also have, likewise as a result of the war, less to spend it on. That is a fact of which we are only too painfully conscious at the present time; it is one of the main factors making for rising prices. Moreover the danger would be tremendously accentuated if at any time in the future those idle bank deposits were to be brought into full play.

PROBLEM ATTACKED

There you have what is sometimes called the problem of inflation. It has to be attacked; it is being attacked in various ways. One such way is by the maintenance of price levels through price control and the payment of subsidies, as we are doing in the case of bread. Another is by increased production and the maintenance of the supply of commodities through export control and by steps taken to encourage producers, which is an important part of the activity of the Food Controller. Then there is the limitation of civilian demand through rationing control by permit, the activities of the various controllers, the limitation of rail travel and the like.

FISCAL PROBLEM: SAVINGS CAMPAIGN

But not less important—and this is where the Minister of Finance comes into the picture—is the reduction of the amount of money which is in circulation or that might be brought into circulation. It is here that the Minister of Finance's fiscal problem becomes an economic problem. It is that motive which has inspired in a large part our recent taxation measures. I ask you, when you think of those measures, to regard them against that background. It is that motive also which has led me to introduce a system of compulsory saving, that motive which underlies our thrift campaign and our policy of debt redemption.

THRIFT CAMPAIGN

The thrift campaign has done good work; it is doing good work; it still has a great deal of good work to do. In the last financial year we raised almost £5,000,000 by the sale of Union Loan Certificates, £5,000,000 by way of increased deposits in the Post Office Savings Bank, and not far short of £4,000,000 in 3½ per cent savings bonds. In these three ways we secured £14,250,000 out of the £33,000,000 borrowed for defence purposes. We are going to do a great deal better this year. Last month we had the best month of the calendar year for savings bonds—£591,000 as compared with £316,000 in January. In June we had a record month of Union Loan Certificates; 865,000 units were sold as

compared with 538,000 units in the corresponding month of the previous year. The July figures are not yet available; they may be even better than those for June.

COMPULSORY SAVING

We were told that the introduction of compulsory saving would have a serious effect on voluntary saving. It has, in fact, had very little effect. Our target is 1,000,000 units a month. We are going to reach it, and when we have done so we shall set ourselves a higher target. Meantime the thrift campaign is doing a great deal to draw off spending power which would otherwise have an inflationary effect. But there is something more. Partly because of the success of that campaign, partly because of the response to our loan issues by the big institutions, we have raised a good deal more by way of borrowing than was needed to meet our internal requirements.

LOANS REDEEMED

As a result we have been able to carry out a policy of liquidating the external debt. It is for that that we have used the additional money withdrawn from circulation. Last year, with the assistance of the United Kingdom Government, the Reserve Bank was able to acquire close to £32,000,000 of Union stock domiciled in London; out of the money raised from the public we have purchased from the bank and cancelled some £24,750,000 of that stock. That means not only the replacement of external debt by internal debt, it means a big reduction in the inflationary threat. But for what we have done in this way there would be an additional £24,750,000 of idle bank deposits threatening our future.

DECLINING PRODUCTIVITY

So much for what has been done so far. What are the prospects? For this year our defence expenditure is estimated at £80,000,000. Taxation has again been increased. As a result we shall meet £42,300,000 of that amount out of income, leaving £37,700,000 to be borrowed. That is about £5,000,000 more than in the two previous years. We are, however, now reaching the stage when we must face the decreased productivity of existing sources of revenue. Gold-mining revenue has already declined as a result of increased costs. Customs revenue is declining. Don't forget that 40 per cent of it was this year estimated to come from petrol, which is being rationed. We must also expect, for obvious reasons, a decline in respect of other commodities. Decreased supplies must also in due course mean lower incomes in commerce. On the other hand, defence expenditure will certainly not be any less.

TASKS AHEAD

That expenditure must be met. At the same time the problem of the disproportion between the supplies of money and of goods will be accentuated. Quite obviously, for both those reasons, we must press on with an increasingly effective policy of drawing from the public money which would otherwise be available for expenditure on consumers' goods, whether we still have a margin which enables us to use that money for debt repatriation or not. In particular, as our immediate task, we must do all we can to stimulate further the thrift movement and to encourage investment by the public in various government securities. In the furtherance of our general policy, as I have outlined it, and in that aspect of it in particular, I ask your sympathetic and understanding assistance.

AUSTRALIAN WHEAT AND FLOUR

Mr. Frederick Palmer, Canadian Trade Commissioner in Melbourne, cabled under date October 15, 1942, regarding the Australian wheat and flour situation as follows:—

The estimated production of the 1942-43 wheat crop is 145,000,000 bushels from 10,973,000 acres as compared with 170,000,000 bushels from 12,000,000 acres last season. The reasons for this decrease are compulsory restriction of one-third in Western Australia and a shortage of labour and of superphosphate. The decrease would have been greater had the season been less favourable. Fairly large shipments of flour are being made on government account only. The price varies between \$33.04 and \$39.38 a short ton, depending on the destination.

INCREASED USE OF PRODUCER GAS IN AUSTRALIA

FREDERICK PALMER, CANADIAN TRADE COMMISSIONER

Melbourne, August 25, 1942.—As the necessity for greater economy in the national use of gasoline has become more and more urgent in Australia, the application of producer-gas units to automotive units has become wider.

Early this year, on January 5, the Honourable the Minister for Supply and Development announced that the fullest use must be made of locally produced substitute fuels, of which the most important was producer gas. He stipulated that manufacturers of producer-gas units must turn out at least three units suitable for industrial vehicles for every car-type unit. Steps were taken at that time to supply producer-gas units against permits that would be issued to those providing transport services ranking high on the list of essential priorities. When such permits were issued, the owner of a vehicle was advised that he had four weeks to fit a producer-gas unit, after which date the gasoline allowance would be reduced to one-quarter of the existing ration.

The Minister also stated then that the state governments had taken the necessary action to maintain an adequate supply of charcoal and that they had been asked to increase the output to meet the anticipated greater future demand. Users of producer-gas units in the country were asked to burn their own charcoal.

One week later, on January 12, the Minister reminded private motorists that their vehicles may be used for the evacuation of their families and that, while the Government may "declare" the need for such vehicles for evacuation purposes, it was not intended that they would actually be taken from owners.

Later, on February 18, the Honourable the Minister for Transport stated that permits would not be issued for the fitment of units of vehicles unless the vehicles were engaged on essential services within the priority order laid down and carried out by the directors of Emergency Road Transport within each state.

Since then it is increasingly apparent that the desire of the Commonwealth Government to increase the use of producer-gas units is being translated into action. At the end of June, 1942, approximately 36,000 vehicles had been equipped with producer-gas units, while about 3,000 vehicles per month were being changed over. The necessity for increasing transfers to producer gas is still so urgent that recently special arrangements were made for the release of manpower and materials required to increase the rate of production and fitment of units. The supply of producer-gas units has already reached the point where the operators of automotive equipment who do not quickly comply with the

enforcement order regarding producer-gas units are liable to suffer a reduction in gasoline rations.

It is reported that operators of vehicles fitted with producer-gas units are generally more than satisfied with the performance of the ordinary units. Generally a bag of charcoal, containing approximately one hundredweight, will last for at least fifty miles. Secondary filters require cleaning after from 300 to 500 miles, while a little time is required to develop gas at a sufficient rate to drive a car while the unit is cold, i.e. while the fire is out. To facilitate starting, blowers, either hand operated or electrically driven from the vehicle's battery, can be fitted to units. Unfortunately producer-gas units no longer drive vehicles as economically as gasoline, as the price of charcoal has rapidly advanced until it has reached 7s. 6d. in Australian currency (\$1.35) per bag, while the price of gasoline has only moved up to 2s. 9½d. per gallon (50 cents).

NEWFOUNDLAND INDUSTRIAL DEVELOPMENT BOARD

R. P. BOWER, ACTING TRADE COMMISSIONER

St. John's, October 3, 1942.—Ever since the world-wide depression of the nineteen thirties, when 80,000 of Newfoundland's 300,000 population were on relief, efforts have been made to broaden the base of the Island's economy. The fruits of these efforts are apparent in the creation of the Newfoundland Industrial Development Board, which was incorporated this year and began operations on July 1. A permanent secretary has been appointed, and an office has been opened in St. John's.

The Board is to be financed jointly by the Government and private enterprise, working on a budget of \$25,000 a year for a trial period of five years. The Government has agreed to contribute \$12,500 per year, the balance being supplied by private businesses. The subscribers include the large paper mill and mining interests, four Canadian banks, and a considerable number of mercantile and manufacturing concerns in the country.

Although conditions in Newfoundland are very different to-day from those prevailing when the idea of a permanent board was first evolved, it is considered essential to continue with the scheme and perhaps to develop certain war industries in the country. It is also hoped that the Board will be able to deal with unemployment conditions that will prevail when the present defence undertakings are completed. In addition it is hoped to lay the foundation for peacetime industries that will absorb returning soldiers when the war ends.

The Board is a non-profit-earning organization. According to the articles of incorporation, which were drawn up by the members and approved by the Commission of Government, "the Board shall not engage in trade or carry on any enterprise for profit, nor devote any part of its funds to making a grant, advance or loan to any trade or industry." Another section provides that the Board shall serve without remuneration.

The aims and objects of the Board have been set out as follows:—

1. To provide a bureau of information on industrial, commercial and economic affairs, which may provide data or afford information on new methods of operation, industrial and commercial processes and products.
2. To assist and encourage industrial, commercial and economic development and the creation of new, and the expansion of existing, industries in Newfoundland.
3. To create and foster, through co-ordination of industrial and commercial agencies, an effective means of co-operation in economic progress.
4. To receive from any sources, examine into and prepare reports upon any proposals designed to create or assist in the industrial and commercial development of Newfoundland.

5. To assist in providing contact between local enterprises and research institutions with a view to encouraging industrial and commercial research.

6. To collect and consider and analyse such data, statistics or other information relative to or concerned with any industries and from any interest dealing with the production, preservation, transportation, processing and domestic and foreign consumption of the products of existing local industries which may be capable of being established in Newfoundland.

7. Generally to take such steps as the Board thinks necessary and expedient for properly carrying out the foregoing objects.

The organization affords business concerns and individuals a service whereby their ideas for industrial development and expansion may be investigated and studied. While finances do not allow for expensive research institutions being established, it will be the policy of the Board to keep abreast of developments in other countries and to adopt their findings to Newfoundland conditions wherever feasible.

ESTIMATED PRODUCTION OF SUNFLOWER SEED IN ARGENTINA

Mr. W. B. McCullough, Assistant Commercial Attaché at Buenos Aires, writes under date October 7 that, according to the third estimate of the Department of Agriculture of the Argentine Republic, the production of sunflower seed will be 14,224,455 cwts. as compared with 9,702,000 cwts. in 1941 and the 5-year average of 6,105,204 cwts. The exports of sunflower seed for 1942 to July 31 were 504,879 cwts. as compared with 189,784 cwts. for the same period in 1941 and 386,691 cwts. for the calendar year 1941.

NOTES ON TRADE AND INDUSTRY

From the *British Export Gazette*

United Kingdom

CHANGES IN EXPORT ALLOCATIONS

British textile exporters received their allocations for the third period of 1942 in mid-July. Although, broadly speaking, the total yardage available for export was the same as for the second period, there were some changes within the total allocation, some markets still accessible having to submit to further cuts, while others, owing to the changing demands necessitated by the war, were allotted larger quantities. Australia was among those who received an increased supply, and West Africa, whose importance as a source of raw materials previously obtained from the Far East needs no emphasis, was granted an increased allocation, necessary to maintain supplies for the natives at minimum levels to compensate for the loss of other supplies.

Plans are now in progress, in co-operation with the Canadian Cotton Administrator's Department, to provide Canada with types of goods which could be made only with difficulty in her own mills.

South Africa

NEW FACTORY FOR PRETORIA

A new factory for the manufacture of cotton wool, both medicated and unmedicated, will begin production at Pretoria this year. With the exception of four carding machines on order—permission for the manufacture of which

has, it is stated, been granted by the British authorities—the necessary plant for the factory will be made in the Union.

South African-grown cotton will be used as raw material, and it is stated that the materials for the antiseptic treatment of the cotton wool are also obtainable locally. It is expected that about twenty European girls will be employed. The same factory will also undertake the manufacture of Scottish-style homespun tweeds.

HOME MANUFACTURES REPLACE IMPORTS

South African factories—whose number increased by 158 between September, 1939, and September, 1941—are to-day turning out a record variety of products worth millions of pounds more than at any peak pre-war period, from machine tools and strong-room doors to constituents of anaesthetics, wooden heels for women's shoes, and vegetable extracts.

Although this industrial activity will slow down after the war, when purely war production decreases, Mr. Mawby, of the Department of Commerce and Industries, states that many of these new developments serving peace-time requirements will continue. If depression and unemployment are to be avoided in the future, the industrial impetus now attained must not be lost.

Its continuance depends on energetic exploitation of the Union's adjacent external markets and on the maintenance and increase of spending power in the internal markets, which will be widened from 2,000,000 to 8,000,000 people with the increase in purchasing power of the lower-paid workers of all races and the gradual increase in their agricultural earnings.

The Department of Commerce, it is stated, has been told by a manufacturer of goods hitherto imported that it should be possible to produce goods in South Africa that can compete with those brought thousands of miles by sea; for imported goods are very often manufactured from raw materials sent thousands of miles from their country of origin (often South Africa) to overseas manufacturers.

East Africa

Tanganyika's exports for the first quarter of this year showed an increase in value of nearly £1,000,000, or more than 100 per cent as compared with the corresponding period of 1941. Imports for the same period, in comparison with the previous year, decreased by £40,873, or 5·8 per cent.

Kenya's exports for 1941 revealed interesting effects of the war, her main exports being gold, pyrethrum, tea and coffee, in that order. For the first time in history the value of exports from Uganda and Kenya reached the total of £10,000,000, trade imports reaching £14,000,000. Of this total, imports from the United Kingdom amounted to only 29 per cent, or less than half of the pre-war figure. Supplies of goods from India and South Africa greatly increased, however, India's share rising from 6 per cent to 24 per cent, while South Africa supplied goods valued at over £1,000,000, which is five times the pre-war figure. It is expected, however, that there will be a fall in imports in the current year.

Egypt

A reduction of almost a million feddans, or more than 50 per cent compared with last year's figure, is revealed in a Cairo Ministry of Agriculture communique giving the figures of the amount of ground in Egypt under cultivation for cotton production. Comparative figures are: 1,643,629 feddans (of approximately 1·25 acre) in 1941 and 702,627 feddans in 1942.

Even in the last war, when the cotton area was officially reduced, the lowest total (1,186,000 feddans) was nearly half a million feddans higher than the area planted this season.

Bolivia

Under an agreement signed recently in Washington by the United States State Department, Bolivia is to sell her entire rubber production, with the exception of the amount needed for domestic consumption and an annual 250 tons for export to neighbouring countries, to the United States.

The agreement provides for an expenditure of \$2,125,000 by a rubber reserve company for the development of Bolivia's rubber resources.

Similar agreements have already been signed with Brazil, Peru, Nicaragua, Costa Rica and Colombia, in a program to secure the maximum amount of rubber from the Western Hemisphere for the United Nations' war effort.

CONTROL OF EXPORTS FROM CANADA

ADDITIONS TO LIST OF PRODUCTS AFFECTED

By Order in Council P.C. 9394, effective October 26, 1942, the following products are added to the list of those the exportation of which to any country is prohibited except under permit issued by the Export Permit Branch, Department of Trade and Commerce:—

GROUP 1—AGRICULTURAL AND VEGETABLE PRODUCTS

Biscuits; breakfast cereal foods, packaged; corn flour or corn starch; macaroni, vermicelli, spaghetti and other macaroni products; catsups, prepared mustard, salad dressings, and sauces, n.o.p.; preparations for colouring food, flavouring essences and extracts; seasonings, n.o.p.; vinegar; yeast, n.o.p.; canned foods, n.o.p.; food products containing maple sugar or maple syrup; coffee extracts and coffee substitutes; barley, pot and pearl, and barley flour; pudding powders; puddings and other prepared desserts; mustard, ground; oatmeal and rolled oats; wheat flour.

GROUP 2—ANIMALS AND ANIMAL PRODUCTS

Meat extracts and meat pastes, n.o.p.; pet foods containing meat or fish; egg substitutes.

GROUP 5—IRON AND STEEL AND THEIR PRODUCTS

Fasteners, dome, snap, zipper, or other.

GROUP 9—MISCELLANEOUS

Watch cases; pens.

REGULATIONS AMENDED

By Export Permit Branch Order No. 48, effective October 26, 1942, the Export Permit Regulations are amended as follows:—

1. Wheat flour, oatmeal and rolled oats, included in Group 1 (Agricultural and Vegetable Products) are exempted from requiring an export permit when shipped to the United Kingdom.
2. Butter, included in Group 2 (Animals and Animal Products), which formerly did not require an export permit when shipped to any part of the British Empire or to the United States, now requires an export permit for shipment to any destination.
3. All food products being shipped to Newfoundland will require an export permit except for shipments of \$100 or less in value of candy, cocoa and chocolate products, potatoes, beef and pork. This does not alter the fact that rubber, tea and sugar in any amount require an export permit for shipment to any destination. Shipments by Canadian war departments to the armed forces in Newfoundland, in accordance with present regulations, are exempt from requiring an export permit.

IMPORTS INTO THE UNITED STATES OF PRODUCTS UNDER THE QUOTA PROVISIONS OF THE TRADE AGREEMENT

The following table, prepared by the Canadian Trade Commissioner's office in New York from preliminary figures issued by the Treasury Department at Washington, D.C., shows the standings of the quotas provided for under the Canada-United States Trade Agreement (signed November 17, 1938) up to September 26, 1942:—

	Unit	Total Quota	Reduction in Duty from 1930 Tariff Act	Used by Canada to September 26, 1942 Quantity	Per Cent
Cattle (700 lb. or more) . . .	Head	225,000	3 to 1½c. per lb.	116,494	51.7
Cattle (less than 200 lb.) . . .	Head	100,000	2½ to 1½c. per lb.	63,662	63.6
Whole milk	Gal.	3,000,000	6½ to 3¼c. per gal.	4,102	0.1
Cream	Gal.	1,000,000	56½ to 28¾c. per gal.	594	....
Filletted fish, fresh or frozen: cod, haddock, hake, pollock, cusk and rosefish	Lb.	17,174,495	2½ to 1¼c. per lb.	11,926,656	69.4
Seed potatoes	Bu.	1,500,000 beginning Sept 15, 1942	75 to 37½c. per 100 lb.	4,805	0.3
White or Irish potatoes, other than seed potatoes	Bu.	1,000,000 beginning Sept. 15, 1942	75 to 60c. per 100 lb. Dec. 1 to end of Feb.; 37½c. Mar. 1 to Nov. 30	437	....
Red cedar shingles	Sq.	2,617,111	Free	2,242,322	85.6
Silver or black foxes, furs and articles:					
*Foxes valued under \$250 each and whole furs and skins . . .	No.	100,000 beginning Dec. 1, 1941	50 to 35% ad val.	41,130†	41.1
Tails	Piece	5,000	50 to 35% ad val.	5,000	Quota filled

* The duty on live foxes of 15 per cent ad valorem, the rate fixed in the Tariff Act of 1930, is not affected by the agreement.

† The imports from Canada of 41,130 foxes valued under \$250 each and whole furs and skins are for the period December 1, 1941, to April 30, 1942. Imports from countries other than Canada for this period totalled 23,608. For the period May 1 to November 30, 1942, the United States set the quota allotment at 41,774 for all countries, and for the months of May, June, July, August and September imports totalled 15,750. However, there is no indication in the statement by the Treasury Department as to what proportion of these imports was supplied by Canada.

During the third quarter of 1942, Canada shipped 19,783 head of cattle weighing 700 pounds or more, other than dairy cattle, to the United States or 38.2 per cent of the quarterly allotment of 51,720 head provided for by the United States. The third quarter allotment of 8,280 head from countries other than Canada was filled and receipts over and above this amount were subject to the full rate of tariff.

TARIFF CHANGES AND TRADE REGULATIONS

British Guiana

BULK PURCHASE OF TOOLS

The Controller of Commodities in British Guiana gave notice on September 5 that the following articles are subject to bulk purchase on Government account: (1) cutting tools—taps, dies, drills, circular saws, band saws, etc.; (2) hand tools—wrenches, vices, hand drills, pliers, saws, files, chisels, hammers, etc., (3) portable electric and pneumatic tools, grinders, drills, hammers, etc.; (4) precision measuring tools ordered in large quantities, including indicators, micrometers, squares, etc.; (5) machine tools—shop supplies, etc.

Newfoundland

PROCURING SUPPLIES UNDER PRIORITIES REGULATIONS

Mr. W. E. Curtis, Priorities Officer in Newfoundland, issued a public notice to importers requesting data to be supplied on prescribed forms respecting commodities which must be imported from the United States or Canada. The notice states that the United States Government had asked for such returns to be made immediately for all essential civilian requirements from that country up to the end of 1943, and, as the Priorities Officer announces that similar data will be required on commodities which must be imported from Canada, it is considered desirable to embrace both countries in one return. It is explained that the returns made will not constitute an order. They will be merely a statement of goods it is hoped to obtain and are required so that the necessary raw materials may be allocated for civilian production. Firms who fail to make the returns requested are informed that they run the risk of receiving no goods during the period covered.

United States

RELAXATION OF LICENSING FOR SHIPMENTS TO CANADA

A bulletin of the Board of Economic Warfare, Washington, issued on October 6, announced that all licence requirements heretofore imposed by the Board on the exportation of articles, materials, supplies and technical data to Canada, and that part of Labrador under Canadian authority, were removed. Neither an individual nor unlimited licence nor any other form of licence will be required for such exportations. In the case of commodities, the general licence symbol "G-1" is no longer needed on export declarations. Neither the symbol "General Licence TD-Canada" nor the release certificate heretofore required for technical data need be placed upon or enclosed within the envelope or wrapper.

On December 23, 1941, all goods not already under control were added to the list requiring export licence. General licences, however, had been issued to cover the exportation of certain commodities to given countries of destination. They relieved an exporter of the necessity of obtaining an individual licence for exports coming within their terms, but he was required to enter on his export declaration the number of the general licence. As regards shipments to Canada, nearly all goods were covered by general licence. For those not under general licence, an individual export licence had to be obtained for each shipment. Under the concession cited above, both these requirements of the Board of Economic Warfare are removed as regards shipments to Canada. Control of exports to Canada still applies to arms, ammunition and implements of war as listed in the President's Proclamation of April 9, 1942, and to tin-plate scrap, helium gas, gold, and narcotics.

WAIVER OF COASTWISE LAWS

A United States Treasury Decision, No. 50732 of September 28, 1942, states that the provisions of Section 27 of the Merchant Marine Act, 1920, as amended, are waived to the extent necessary to permit the transportation of merchandise on Canadian vessels between ports in Alaska and ports in Canada as a portion of the transportation of the merchandise between points in Alaska and points in the continental United States. The action is deemed necessary in the conduct of the war. It was taken on recommendation of the War Shipping Administration and in pursuance of powers vested in the Secretary of the Treasury by Section 501 of the Second War Powers Act of 1942.

GROUND NEPHELINE SYENITE DUTY FREE AS MANUFACTURED SAND

The United States Customs Court, on September 16, 1942, gave a decision (C.D. 685) that ground nepheline syenite, described as a crystalline volcanic rock 60 per cent silica, 24 per cent alumina and the remainder of other elements, is free of duty as "sand, manufactured", Paragraph 1775 of the Tariff Act, rather than being dutiable as an "earthy or mineral substance" under Paragraph 214. The rate under Paragraph 214 was 30 per cent ad valorem, under the tariff of 1930, reduced to 15 per cent in the Canada-United States Trade Agreement of 1938.

A similar decision (C.D. 293) had been given on March 7, 1940, but on September 12, 1940, Treasury Decision 50228 was published stating that the Customs Bureau believed that upon a new record it could be established that such merchandise is properly dutiable under Paragraph 214. Collectors of Customs were directed to assess duty at 15 per cent ad valorem notwithstanding C.D. 293.

The case tried on the new record involved importation of ground nepheline syenite at Buffalo and Rochester. The plaintiff's contentions in both cases were that nepheline syenite is a sand, resulting from disintegration of rocks and that the dictionary definition of sand includes disintegration by any means, such as crushing and other manufacturing processes. The Government contended that artificially crushed rock does not fall within the definition of sand and that crude sand was the common sand found in nature consisting almost entirely of silica.

The Court held that the new evidence presented in the second case failed to warrant a different interpretation of the term "sand, manufactured" in Paragraph 1775 of the tariff and that the term is sufficiently broad to comprehend a material manufactured from something other than crude sand, if containing the attributes of sand. The Court in the second case confirmed the first decision that nepheline syenite was a volcanic rock containing crystals and that it was composed of 60 per cent silica, 24 per cent alumina, and certain oxides and other elements, and, so composed, it held that nepheline syenite, when ground, came within the term "sand, manufactured" in Paragraph 1775.

Peru

REGULATIONS GOVERNING SALES OF TOILET PREPARATIONS

Mr. W. G. Stark, Acting Trade Commissioner at Lima, writes that, under a Peruvian decree of July 27, 1942, toilet preparations may not be imported or sold in Peru without authority from the office of the Peruvian Director-General of Health. This authority will only be granted when the chemical analysis made reveals that the product is innocuous to health and corresponds to the declared formula.

The application for chemical analysis must contain details of the product, including the qualitative and quantitative formula, and must be accompanied by a sample which must be absolutely the same, both as regards quality and container, as the article which is to be sold. Texts or other forms of propaganda which advertise qualities that do not actually correspond to the action derived from the composing formula, as well as the use of fancy names which might mislead the consumer, are prohibited. The decree also makes detailed regulations regarding the establishment and operation in Peru of laboratories for the manufacture of toilet preparations.

EXCHANGE CONDITIONS IN PORTUGUESE EAST AFRICA

H. L. BROWN, ACTING TRADE COMMISSIONER

Johannesburg, August 19, 1942.—Exchange control has been in effect in Mozambique (Portuguese East Africa) for over ten years, having been established by the Monetary and Exchange Decree of April 22, 1932, and supplemented by regulations issued on June 7, 1932. Some minor amendments have appeared from time to time but, fundamentally, control is still based on those two enactments. As the territories of Manica and Sofala were taken over by the Government in July, 1942, these regulations now apply to that area of which the main seaport is Beira.

All operations are through the Banco Nacional Ultramarino (head office in Portugal) which is the official banker to the Control. The other banks operating in Mozambique, the Standard Bank of S.A. Ltd. and Barclays Bank (D.C. & O.), are recognized agents. The Exchange Control has representatives, through the banks, in outlying districts but these enjoy powers of a restricted nature and are required to keep in very close touch with the central organization in Lourenco Marques.

PROCEDURE FOR REMITTING ABROAD

It is not ordinarily practicable for payments to be made in Canadian dollars nor is such remittance permissible under Canadian regulations, which provide for payment from Mozambique to be in United States dollars. The procedure for remitting payments abroad in United States dollars may be summarized briefly. If the consignee is a Portuguese national, the licence for foreign exchange must pass through Lisbon. If the importer in Mozambique is a citizen of Canada, the United States or the United Kingdom, then the licence may be passed through New York without the intervention of Lisbon. When funds are remitted to any other country or if the remitter is a national of any other country, then the New York agency of the bank concerned must make application to the United States Treasury for a special licence, costing U.S.\$1, which is collected from the buyer in Mozambique.

The importer will normally receive his documents through a bank, which surrenders them to him under indemnity, and when he has deposited sufficient Mozambique currency, plus a margin of 10 per cent, to cover the account. The importer may then make application to the Control for the necessary foreign exchange. The goods must be cleared through the customs before an exchange permit can be issued. The bank then prepares the draft and the balance of the importer's deposit is returned to him.

The Exchange Control does not encourage letters of credit but permission to establish these may be obtained when the goods are classified as necessities. Under present conditions of shipping delays neither the Control nor importers favour letters of credit because the funds thus engaged are often tied up for too long a time.

COSTS OF EXCHANGE

The Exchange Control requires that 75 per cent of the proceeds from exports from the Colony be delivered to its account, while the bank negotiating the business may retain the remaining 25 per cent, which it can allocate only with the permission of the Control but on which it obtains any exchange profit accruing.

The costs of operating the Exchange Control are covered by specified assessments on all exchange operations. Originally the charge was $1\frac{1}{2}$ per 1,000 of the amount transferred but the proportion was later increased and is now $6\frac{1}{2}$ per

1,000. There are additional charges of 2 per 1,000 for stamps and 4 escudos (about 18 cents Canadian) per shipment for postage, etc. The charge on transfers to Lisbon is 2 per cent with an additional $\frac{1}{2}$ per cent for telegraphic transfers.

SPECIAL ARRANGEMENTS

Special provisions concern long established international relationships. The Exchange Control must refund to the Ports and Railways of the Colony, in the currency in which they were deposited and without deduction, funds to pay to the South African Railways any balance of the current monthly account with that body. Revenue from international transit traffic is handed over by the Ports and Railways separately from other revenue and is maintained in a separate account by the Exchange Control.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING OCT. 19, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, October 19, 1942, and for the week ending Tuesday, October 13, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Oct. 13	Nominal Quotations in Montreal Week ending Oct. 19	Official Bank Rate
Great Britain.	Pound	4.8666			
	Buying		\$4.4300	\$4.4300	2
	Selling		4.4700	4.4700	—
United States.	Dollar	1.0000			
	Buying		1.1000	1.1000	1
	Selling		1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
	Bid		4.4200	4.4200	—
	Offer		4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
	Official		.3304	.3304	3½
	Free		.2633	.2628	—
Brazil.	Milreis (Paper)	.1196			
	Official		.0673	.0673	—
	Free		.0571	.0572	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
	Official		.0574	.0574	3-4½
	Export		.0444	.0444	—
Colombia.	Peso	.9733	.6328	.6328	4
Venezuela	Bolivar	.1930			
	Official		.3313	.3313	—
	Free		.3330	.3330	—
Uruguay.	Peso	1.0342			
	Controlled		.7307	.7307	—
	Uncontrolled		.5852	.5852	—
South Africa.	Pound	4.8666			
	Bid		4.3862	4.3862	3
	Offer		4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
	Bid		4.5380	4.5380	—
	Offer		4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
	Bid		3.5300	3.5300	3
	Offer		3.5760	3.5760	—
New Zealand.	Pound	4.8666			
	Bid		3.5440	3.5440	1½
	Offer		3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

C. H. PAYNE, *Director*

Argentina

J. A. STRONG, Commercial Attaché, Bartolome Mitre 478, Buenos Aires (1). (Territory includes Uruguay.) *Cable address, Canadian.*

Australia

Sydney: L. M. COSGRAVE. Address for letters—P.O. Box No. 3952V. Office—City Mutual Life Building, Hunter and Bligh Streets. (Territory includes the Australian Capital Territory, New South Wales, Queensland, Northern Territory and Dependencies.) *Cable address, Canadian.*

Melbourne: FREDERICK PALMER, 44 Queen Street, Melbourne, C.I. (Territory includes States of Victoria, South Australia, Western Australia, and Tasmania.) *Cable address, Canadian.*

Brazil

L. S. GLASS, Commercial Attaché. Address for letters—Caixa Postal 2164, Rio de Janeiro. Office—Ed. Metr pole, 7th Floor, Av. Presidente Wilson 165. *Cable address, Canadian.*

British India

PAUL SYKES. Address for letters—P.O. Box 886, Bombay. Office—Gresham Assurance House, Mint Road, Bombay. (Territory includes Burma and Ceylon.) *Cable address, Canadian.*

British West Indies

Trinidad: G. A. NEWMAN. Address for letters—P.O. Box 125, Port of Spain. Office—Colonial Life Insurance Building. (Territory includes Barbados, Windward and Leeward Islands, and British Guiana.) *Cable address, Canadian.*

Jamaica: F. W. FRASER, P.O. Box 225, Kingston. Office—Canadian Bank of Commerce Chambers. (Territory includes the Bahamas and British Honduras.) *Cable address, Canadian.*

Chile

M. J. VECHSLER. Address for letters—Casilla 771, Santiago. (Territory includes Bolivia.) *Cable address, Canadian.*

Cuba

J. L. MUTTER. Address for letters—Apartado 1945, Havana. Office—Royal Bank of Canada Building, Calle Aguiar 367, Havana. (Territory includes Haiti, the Dominican Republic, and Puerto Rico.) *Cable address, Canadian.*

Egypt

RICHARD GREW. Address for letters—P.O. Box 1770, Cairo. Office—22 Shari Kasr el Nil, Cairo. (Territory includes the Sudan, Palestine, Cyprus, Iraq, Syria, Iran and Turkey.) *Cable address, Canadian.*

Ireland

E. L. MCCOLL, 66 Upper O'Connell Street, Dublin, Ireland (*cable address, Canadian*); and 36 Victoria Square, Belfast, Northern Ireland.

Mexico

C. S. BISSETT. Address for letters—Apartado Num, 126-Bis, Mexico City. Office—Edificio Banco de Londres y Mexico, Num. 30, Mexico City. (Territory includes Guatemala, Honduras, and Salvador.) *Cable address, Canadian.*

CANADIAN GOVERNMENT TRADE COMMISSIONERS—*Con.*

Newfoundland

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New Zealand

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FOREIGN TRADE OF BRAZIL IN 1941

I

L. S. GLASS, CANADIAN COMMERCIAL ATTACHÉ

(The average value of one conto, equal to 1,000 milreis, was \$50.70 Canadian in 1941 and \$50 in 1940; unless otherwise indicated, all tons are metric tons of 2,204 pounds.)

Rio de Janeiro, October 10, 1942.—Brazil's international trade during 1941 showed very encouraging results, especially when the abnormal conditions which prevailed during the year are taken into consideration. With the exception of March, favourable balances of trade were recorded for each month. Exports varied in value from a minimum of 373,000 contos in February to a maximum of 686,000 contos in November, while import values varied from 260,000 contos in February to 660,000 in November.

The first quarter of the year closed with a favourable balance of trade of 212,766 contos, or \$13,915,253, as against an unfavourable balance of \$3,807,027 for the same period in 1940. The favourable balance in the second quarter was more than double that for the first three months, amounting to 508,903 contos, or \$29,840,913. The favourable balance for the first half of the year, therefore, amounted to 721,669 contos, or \$43,756,166. This was very satisfactory, as the first six months of 1940 closed with a favourable balance of only \$2,767,004. Imports during the third quarter increased and, despite an increase having also been recorded for exports, the favourable balance of trade dropped, amounting to only 189,181 contos, or \$13,884,842, which was the smallest shown in a quarter period of the year. The same period of 1940 showed a negative balance of \$5,348,332. There was a further increase in the value of imports and exports during the last quarter, resulting in a high positive balance of 304,134 contos, or \$20,146,734, as against one of \$15,243,887 for the last quarter of 1940.

The favourable balance of trade at the end of the year amounted, therefore, to 1,214,984 contos, or \$77,787,742, which compares very favourably with \$12,662,559 for 1940.

TONNAGES

Import tonnage again declined, from 4,336,133 in 1940 to 4,049,338 in 1941, while the volume of exports increased from 3,236,916 tons in 1940 to 3,535,557 tons in 1941. The following table shows the figures for the past five years:—

Brazilian Imports and Exports by Volume

	Imports Tons	Exports Tons
1937	5,099,880	3,296,345
1938	4,913,170	3,933,870
1939	4,788,646	4,183,042
1940	4,336,133	3,236,916
1941	4,049,338	3,535,557

AVERAGE PRICE PER TON

The milreis value of imports and exports, both of which had increased in the past few years, showed a further increase in 1941. The average price per ton imported increased by 217 milreis, from 1.145 milreis in 1940 to 1.362 milreis, while the value of exported tons increased by 370 milreis, from 1.533 milreis to 1.903 milreis. Dollar values for imports also increased, from \$58 in 1940 to \$69, and for exports from \$81 to \$101. The following table shows the comparative figures for the last five years:—

Average Prices of Brazilian Imports and Exports

	Imports Dollars per Ton	Exports Dollars per Ton
1937	65	105
1938	60	75
1939	55	73
1940	58	81
1941	69	101

CURRENCY VALUE OF INTERNATIONAL TRADE

The milreis value of Brazil's international trade, which had decreased in 1940, increased substantially, from 9,924,687 contos to 12,243,818 contos, in 1941. The dollar value also increased, from \$514,118,321 to \$640,643,107. The import values increased from \$250,727,881 to \$281,427,682 and export values from \$263,390,440 to \$359,215,425.

EXPORTS

In the Brazilian statistics exports continue to be divided into four classes: live animals, primary products, foodstuffs, and manufactured goods.

LIVE ANIMALS

In the first group exports decreased from 372 contos (\$19,716) in 1940 to 255 contos (\$13,611) in 1941.

RAW MATERIALS

Raw materials—Class II—showing a substantial increase in value from 2,142,557 contos (\$113,565,521) in 1940 to 3,247,736 contos (\$173,364,147), occupied first place among the Brazilian export groups. Volume also increased, from 1,465,191 tons to 2,216,210 tons. Raw materials, therefore, contributed almost 50 per cent of the total value of Brazilian exports and more than 60 per cent of the tonnage exported in 1941. Only five items of the thirty-six

making up this class decreased in value as compared with 1940, while nine showed decreases in tonnage. Raw cotton, which had decreased in 1940, recorded the highest increase in value in 1941, from 837,955 contos (\$44,411,615) to 1,010,355 contos (\$54,000,000), while manganese ore showed the highest increase in tonnage, from 222,713 tons to 437,402 tons. Raw cotton exports were the most important item in this class, contributing slightly more than one-third of the total value of the group and over 15 per cent of the value of all Brazilian exports. Other considerable increases were recorded in the export values of carnauba wax, hides and skins, crystal, castor seeds, diamonds, pine, oiticica oil, manganese ore, linters, cottonseed oil, and cotton yarn.

The greatest decrease in both tonnage and value was in cottonseed, from 18,824 tons and 4,643 contos (\$246,079) in 1940 to 2,457 tons and 732 contos (\$39,074). Decreases also occurred in the export values of animal tallow and grease, tobacco, piassava oil and aquamarines.

FOODSTUFFS

The class second in importance on the basis of export values in 1941 was foodstuffs, which increased from 2,687,807 contos (\$142,453,771) in 1940 to 3,112,319 contos (\$166,135,588). Tonnage, however, decreased from 1,742,655 to 1,270,289, but the average price per ton of the products in this group increased from 1.524 contos (\$81) to 2.450 contos (\$131).

This class has always been the most important of Brazilian exports, as coffee, Brazil's main export item, is included therein. In view, however, of the wartime demand for raw materials, the demand for commodities in this latter class increased considerably, while coffee shipments decreased. These factors contributed to the change in foodstuff exports from first to second position. Twenty-five items make up this class, twelve of which showed increases and thirteen decreases in value, while in tonnage nineteen decreased and only six increased as compared with 1940.

Coffee, the price of which per bag increased from 131 milreis (\$6.94) to 182 milreis (\$9.71) was, as usual, the principal item of this group with shipments amounting to 11,052,484 bags valued at 2,017,116 contos (\$107,500,000) as against 12,097,584 bags valued at 1,595,229 contos (\$84,547,137) in 1940. Therefore, coffee accounted for more than 64 per cent of the total value of the foodstuff class and 30 per cent of the whole of Brazilian exports in 1941. Cocoa beans, exports of which also showed a considerable increase in value, from 191,798 contos (\$10,165,294) in 1940 to 314,912 contos (\$16,770,000) in 1941, was second in importance in this class. Canned meats showed a further increase, from 220,768 contos (\$11,700,704) to 301,762 contos (\$16,108,055). Other important increases were in extract of meat, flours n.o.p., shelled Brazil nuts, and corn.

Frozen meat exports, which had greatly increased in 1940, decreased in 1941, from 244,336 contos (\$11,889,808) to 147,238 contos (\$7,859,564). Oil cakes also showed a reduction, from 48,916 contos (\$2,592,548) to 8,631 contos (\$460,722). Important decreases also occurred in fresh fruits. Exports of oranges were reduced from 2,857,791 boxes at a value of 57,201 contos (\$3,031,653) in 1940 to 1,949,571 boxes at 37,712 contos (\$1,201,000), while bananas decreased from 10,247,846 bunches and 42,356 contos (\$2,244,868) to 6,150,010 bunches and 25,582 contos (\$1,365,567). Other important decreases were in sugar, rice, lard, and bran.

MANUFACTURES

Along with the diversification of Brazil's exports, which has been an interesting feature of the last two or three years, there was a further and marked increase, both in tonnage and value, in the exports of manufactured goods. In 1940, a total of 28,907 tons valued at 129,802 contos (\$6,879,506) was exported, whereas in 1941 this increased nearly threefold to 48,849 tons valued at 369,091

contos (\$19,702,077). A considerable increase was also recorded in the average export price per ton of this class, from 4.490 contos (\$238) in 1940 to 7.556 contos (\$403).

With the exception of chemical manures, which showed a decrease, all other items of manufactures making up this group increased in both tonnage and value as compared with 1940. Cotton textiles were the most important, shipments amounting to 9,238 tons valued at 208,649 contos (\$11,058,397) as compared with 3,959 tons valued at 67,904 contos (\$3,624,715) in 1940. Other manufactures also increased in tonnage and value, such as wool textiles, exports of which were valued at only 18 contos (\$977) in 1939, increasing to 15 tons at 1,233 contos (\$65,349) in 1940 and 189 tons valued at 14,827 contos (\$791,465) in 1941. Wooden cases, exports of which began only in 1940, with 12,211 tons valued at 7,836 contos (\$415,308), showed an increase in 1941 to 15,448 tons valued at 11,171 contos (\$596,307). Exports of silk textiles, which appeared also for the first time in 1940, with shipments amounting to only a little over one ton at a value of 317 contos (\$16,801) increased in 1941 to 14 tons at 5,288 contos (\$282,273). The importance of manufactured goods in Brazilian exports has increased steadily since the outbreak of the war. In 1939 they represented but 0.85 per cent of Brazil's exports; this increased to 2.62 per cent in 1940 and 5.48 per cent in 1941.

The following table shows the movement of exports of the sixteen principal Brazilian manufacturing groups during the last three years, with values in milreis:—

Principal Exports of Manufactures from Brazil

	1941 Milreis	1940 Milreis	1939 Milreis
Cotton textiles	208,649.051	67,904.337	29,387.062
Wool textiles	14,827.027	1,232.875	18.092
Packing cases, assembled or not . .	11,171.117	7,836.168	.....
Silk textiles	5,288.395	317.409	.....
Tubes (not including flexible) . . .	4,259.597	41.107	.....
Pencils	3,955.593	1,779.687	261.626
Jute textiles	3,499.572	77.176	.....
Tiles and similar articles	3,332.726	1,444.018	78.147
Alcaloids, not specified	2,711.343	.....	.....
Wire, plain and galvanized	2,658.212	200	.....
Jute sacks	2,570.647	.....	.....
Dried blood	2,540.067	2,966.068	2,966.068
Felt hats	2,440.509	209.339	30,296
Parts for electric installations . .	2,406.989	1,352.187	.....
Articles for domestic or personal use	1,968.348	729.271	.....
Other manufactured articles	96,812.759	43,912.429	14,812.626
Totals	369,091.952	129,802.271	47,553.920

IMPORTS

In the Brazilian statistics imports also are divided into four categories. While imports of live stock showed decreases in tonnage and value, and food-stuffs increased in tonnage and value, the other two classes, raw materials and manufactured goods, increased in value and decreased in volume.

LIVE STOCK

The value of imports of live stock decreased from 43,905 contos (\$2,326,965) in 1940 to 41,824 contos (\$2,120,476) in 1941.

RAW MATERIALS

The whole class of raw materials increased in value from 1,670,676 contos (\$83,533,800) to 1,837,572 contos (\$93,164,900). In value of imports this class occupied second place among all groups.

The raw material class is made up of thirty-six items, sixteen of which increased in both tonnage and value, five increased in value and decreased in tonnage, thirteen decreased in both tonnage and value, and two increased in tonnage and decreased in value in 1941 as compared with 1940.

The most important increase occurred in wood-pulp, which rose from 63,708 tons with a value of 93,909 contos (\$4,741,832) in 1940 to 79,926 tons valued at 138,230 contos (\$7,019,535). Following wood-pulp was copper, which showed noteworthy increases in both volume and value, from 7,643 tons valued at 48,190 contos (\$2,409,500) to 15,030 tons at 87,951 contos (\$4,459,115). Important increases occurred also in lead, tin, unmanufactured iron and steel, lubricating oils, stones and earths, raw material of mineral origin n.o.p., and dyes and synthetic raw materials n.o.p., all of which increased in both tonnage and value. Gasoline, which is the second item of this class in value of imports, showed a decrease in tonnage imported from 368,398 in 1940 to 366,641, increasing, however, in value from 198,370 contos (\$9,918,500) to 223,514 contos (\$11,332,359). Iron and steel plates and sheets decreased too in volume, from 50,412 tons to 40,861 tons, but increased in value from 89,770 contos (\$4,488,500) to 97,308 contos (\$4,933,515). Other items showing decreases in tonnage and increases in value were raw materials of vegetable origin n.o.p., cement, and petroleum.

The most marked decrease occurred in the imports of jute, which fell in both volume and value, from 22,406 tons to 8,704 tons and from 64,161 contos (\$3,208,050) to 26,492 contos (\$1,343,144). Cellulose acetate, which recorded a considerable increase in 1940, decreased heavily in 1941, from 1,796 tons to 729 tons and from 28,592 contos (\$1,429,600) to 11,257 contos (\$570,729). Imports of briquettes, coke and coal, which are the most important item in tonnage and value in this class, showed a sharp decline in 1941, from 1,209,242 tons at a value of 288,869 contos (\$14,592,729) to 1,057,946 tons valued at 265,691 contos (\$13,477,843). Considerable decreases occurred also in both tonnage and value of aluminium, iron and steel of eleven kinds with the exception of sheets and plates, fuel and diesel oils, and cotton textiles. Wool textiles and silk textiles were the only two items to show increases in volume and decreases in value.

FOODSTUFFS

The total imports of foodstuffs, under Class III, increased in both volume and value, from 958,247 tons valued at 732,971 contos (\$38,847,483) in 1940 to 992,902 tons at 751,827 contos (\$38,117,628).

Ten items, including products n.o.p., made up this class, four of which increased in tonnage and value and two only in value, while three decreased in volume and value.

Fresh fruits, i.e. apples, pears and grapes, showed the highest increase in value, recording also an increase in tonnage. Apple imports increased from 7,882 tons valued at 17,916 contos (\$895,800) in 1940 to 8,951 tons valued at 21,754 contos (\$1,102,927). Imports of pears increased also from 6,784 tons with a value of 13,611 contos (\$680,550) to 8,575 tons valued at 18,396 contos (\$932,677), while grapes increased from 2,666 tons valued at 8,815 contos (\$440,750) to 3,224 tons valued at 12,589 contos (\$638,262). Wheat imports, showing an increase, were the most important item of foodstuffs imported into Brazil and second among all Brazilian imports. Shipments received in 1941 amounted to 894,895 tons, with a value of 482,653 contos (\$24,473,361) as against 857,937 tons at 471,309 contos (\$23,807,625) in 1940. It is noteworthy that, despite measures taken by the Brazilian Government to reduce imports of wheat and stimulate the use of locally produced wheat flour substitutes, the decrease in tonnage of imports was not accompanied by a similar reduction in value which, on the contrary, increased considerably. For instance, the quantity received in

1939 amounted to 966,835 tons valued at 353,591 contos (\$18,541,309), which decreased to 894,895 tons but increased in value to 482,653 contos (\$24,473,361) in 1941. The proportion of the total value of Brazilian imports accounted for by wheat was approximately 5 per cent in 1913, 9 per cent in 1925, 7 per cent in 1939, and 9 per cent in 1941.

Increases in volume and value were also recorded in the case of beverages and foodstuffs n.o.p., while wheat flour decreased in volume from 18,029 tons to 17,962 tons, increasing, however, in value from 15,926 contos (\$804,277) to 17,705 contos (\$897,493).

The most important decrease in both volume and value occurred in imports of codfish, which declined from 16,021 tons valued at 45,415 contos (\$2,292,964) to 5,226 tons valued at 21,247 contos (\$1,076,030). This decrease was, however, not caused by lack of market interest, but was due only to shipping and other difficulties resulting from the war. Decreases in tonnage and value were also recorded for imports of olives and olive oil.

MANUFACTURES

By value manufactured goods continued to be the most important class of Brazilian purchases, and imports in 1941, despite a decrease in volume from 523,225 tons in 1940 to 506,667 tons, showed a substantial increase in value, from 2,516,597 contos (\$133,379,641) to 2,883,194 contos (\$146,177,935). This class is divided into ten sub-classes of manufactures comprising forty-six items. The first, manufactures from raw material of animal origin, showed decreases in both tonnage and value, and purchases have been of minor importance. The second, manufactures from raw material of vegetable origin, is made up of six items, including miscellaneous, all of which increased in value and only two of which decreased in volume. The most important single item of this sub-class continues to be newsprint, imports of which increased from 42,816 tons in 1940 to 45,885 tons in 1941 and from 63,598 contos (\$3,212,788) to 66,383 contos (\$3,372,885). Other products showing increases, in both tonnage and value, were printing paper, other than newsprint; raw lumber; and miscellaneous; while rubber manufactures and paper n.o.p. decreased in tonnage and increased in value.

The third sub-group, manufactures from raw material of mineral origin, comprises eleven items, four of which increased in volume and value, three increased in value and decreased in tonnage, and four decreased in both volume and value.

The most important increase in value was in window glass, from 15,122 contos (\$756,100) in 1940 to 24,130 contos (\$1,223,391). Volume, however, decreased slightly from 8,967 tons to 8,916 tons. Barbed wire imports increased in both volume and value, from 5,657 tons to 9,328 tons and from 10,128 contos (\$511,673) to 18,937 contos (\$968,605). Iron pipes and tubing purchases showed a substantial increase in value, from 72,295 contos (\$3,651,197) to 79,921 contos (\$4,060,316), while volume decreased from 31,712 tons to 29,180 tons. There were increases also in the imports of iron and steel manufactures n.o.p., earth and stone manufactures, glass and chinaware manufactures other than window glass, and copper manufactures.

Imports of iron and steel wire, other than barbed, showed the most severe decline of this group in both volume and value, from 21,983 tons to 5,850 tons and from 41,035 contos (\$2,072,544) to 17,228 contos (\$873,840). Tin plate also recorded decreases in volume and value, from 66,740 tons at 165,191 contos (\$8,259,250) to 59,469 tons valued at 158,570 contos (\$8,039,499). Decreases were also shown in imports of rails and miscellaneous manufactures of mineral origin.

The fourth group of this class, which embraces textile manufactures, is made up of seven items, including miscellaneous. This group, which formerly

held an important position in Brazil's import trade, has declined steadily since 1925 when the value of imports reached 299,383 contos, representing 9 per cent of the total value of Brazilian imports during that year, to 86,880 contos (\$4,404,816) in 1941, which is less than 2 per cent of the total value of imports. This decline is accounted for by the growth of the Brazilian textile industry, which to-day supplies almost the whole of the market requirements.

Wool manufactures, other than piece-goods, and miscellaneous textile manufactures were the only two items to show increases in both volume and value, the first from 135 to 173 tons and from 7,628 contos (\$381,400) to 14,285 contos (\$724,249), and the other from 35 to 51 tons and from 2,648 contos (\$132,400) to 3,588 contos (\$181,911). Increases in value and decreases in volume were shown by cotton manufactures, other than piece-goods, from 100 tons valued at 6,088 contos (\$304,400) to 96 tons valued at 7,468 contos (\$378,627), wool piece-goods from 92 to 82 tons and from 11,062 contos (\$553,100) to 11,370 contos (\$576,459), and linen manufactures, other than piece-goods, from 20 to 19 tons and from 1,940 contos (\$97,000) to 4,061 contos (\$205,892).

There were decreases in volume and value in imports of cotton piece-goods from 1,464 to 760 tons and from 22,850 contos (\$1,142,500) to 19,492 contos (\$988,244), and in linen piece-goods from 674 to 336 tons and from 40,892 contos (\$2,044,600) to 26,616 contos (\$1,349,431).

Manufactures of synthetic and plastic materials, in the fifth group of this class, increased in both tonnage and value.

All items in the sixth group (sundry products), in the seventh group (pharmaceutical products), and in the eighth group (chemical products, with the exception of chemical manures) increased in tonnage and value.

All items of machines and tools, included in the ninth group, showed increases in both tonnage and value. Electric machines and apparatus, other than motors and generators, showed the most important increase, from 117,688 contos (\$5,884,400) to 184,075 contos (\$9,332,602). Radio receivers and accessories, electric motors and generators, and tools and machine tools n.o.p. also recorded substantial increases in volume and value.

The last group of this class comprises vehicles and parts thereof. Only two items of this group showed increases in tonnage and value, motor cars of all kinds and accessories for motor cars. The first increased from 23,495 units valued at 313,031 contos (\$16,590,643) to 25,179 units at 367,643 contos (\$18,090,308), while accessories for motor cars increased from 17,421 tons valued at 167,323 contos (\$8,366,150) to 21,854 tons valued at 217,627 contos (\$11,033,688). The percentage of the total value of Brazilian imports accounted for by motor cars has increased steadily from 1.4 in 1933 to approximately 6 in 1939, more than 6 in 1940 and approximately 7 in 1941. Imports of pneumatic tires and inner tubes, owing to the development of local industry, declined in both volume and value, from 2,943 tons with a value of 39,571 contos (\$1,998,520) to 1,901 tons valued at 27,086 contos (\$1,374,141). Other decreases occurred in vehicles other than motor cars and in boats and railway cars.

NATIONS TRADING WITH BRAZIL

As a result of the war, Brazil's international trade has assumed a radically different aspect. The policy of closer and more intensive inter-American trading has been followed by Brazil and other American nations since 1941. European and Asiatic markets lost to Brazil were replaced by American countries which, in their turn, found in Brazil new sources of supply and in some instances also a new market for their products.

The United States continued to be Brazil's best market, purchasing 57 per cent of Brazil's exports as against 42 per cent in 1940. Great Britain continued in second place, although purchases from Brazil during 1941 were 12 per cent

of Brazil's total exports as against 17 per cent during 1940. Argentina remained in third place, her purchases increasing from 7 per cent of the total in 1940 to 9 per cent in 1941. Fourth place was occupied by Japan, although exports to that country decreased from approximately 6 per cent of the total in 1940 to 4 per cent in 1941. Canada's purchases showed a further increase and the Dominion moved from eighth to fifth position, taking 3 per cent of the total exports of Brazil in 1941 as against 2 per cent in 1940.

As regards Brazilian imports, positions occupied by the countries were more or less the same as in the case of exports. The United States remained in first place, having supplied 60 per cent of the whole of the Brazilian requirements as against 52 per cent in 1940. Argentina, showing an increase, moved from third to second place, supplying 11·3 per cent as against 10·8 per cent in 1940, while Great Britain fell from second to third place, having supplied 6 per cent of the total imports as against 9 per cent in 1940. The Dutch West Indies, important sources of supply for gasoline, fuel and lubricating oils, occupied fourth place with a percentage of 4 as against 5 in 1940. Canada further increased her sales to Brazil, which amounted to 2·3 per cent of that country's purchases as compared with 1·9 per cent in 1940, and moved from sixth to fifth place among suppliers.

SOUTH AFRICAN PURCHASES OF MINES STORES IN 1941

H. L. BROWN, ACTING TRADE COMMISSIONER

Johannesburg, September 8, 1942.—The mining industry is very important to the general economy of the Union of South Africa. One of the direct indications of that importance is found in the list of stores purchased at home and abroad during 1941. The following table shows the total values of stores purchased by each of the main classes of mines in each of the four provinces of the Union, with comparative totals for previous years:—

Stores Consumed by South African Mines in 1941

	Gold	Diamonds	Coal	Others	Total
Transvaal	£34,297,175	£ 11,032	£1,046,123	£ 726,307	£36,080,637
Cape . . . . .	.....	89,685	.....	284,189	373,874
Orange Free State . . . . .	.....	2,444	122,254	.....	124,698
Natal . . . . .	.....	.....	501,583	.....	501,583
Total for Union, 1941	£34,297,175	£103,161	£1,669,960	£1,010,496	£37,080,792
1940	33,295,841	148,623	1,533,975	938,139	35,916,578
1939	31,941,921	264,763	1,556,465	800,460	34,563,609
1938	31,158,620	362,442	1,437,548	782,020	33,740,630

There are two obvious conclusions to be drawn from these data: (1) the outstanding importance of gold mining; and (2) the pre-eminent position of the Transvaal in all except diamond mining, for which purchases are less each year. While the total purchases are higher than for any previous year, this is accounted for mainly by increased costs.

PURCHASES OF SOUTH AFRICAN SUPPLIES

It is well known that the mines are the source of a great part of the buying power of the Transvaal and, indeed, of the Union as a whole. This had led to development of domestic production, which supplies an increasingly large proportion of the mines stores. Total purchases of South African products by the mines amounted to £27,720,013 in 1941 as compared with £25,701,252 in 1940, while the value of imported supplies was £9,360,779 as compared with £9,289,255. Thus 75 per cent of the total stores purchased was of domestic (including Rhodesian) origin.

VALUES OF PRINCIPAL STORES

The following table contains a detailed list of goods purchased by all mines in 1941*, as shown in the official returns prepared by the Mines Department of the Union of South Africa; values, which are given in pounds sterling, are of purchases of South African (and Rhodesian) goods and of imported supplies:—

South African Mines Stores Purchases in 1941

	South African	Imported	Total
	£	£	£
Bags, canvas and jute	20,622	24,323	44,945
Belting, including laces, etc.	100,258	67,364	167,622
Boiler fluid	12,944	2,693	15,637
Brake linings	249	12,241	12,490
Bricks, tiles and fireclay	88,579	6,445	95,024
Brushware	29,127	8,548	37,675
Buckets, excluding sanitary	1,835	1,606	3,441
Building material	60,844	21,246	82,090
Candles	58,870	.....	58,870
Carbide	353,134	.....	353,134
Castings—			
Brass	39,198	275	39,473
Iron	150,088	147	150,235
Aluminium, copper, etc.	3,508	7	3,515
Cement—			
Bags	301,355	.....	301,355
Casks . . . . .	.....	.....	.....
Fire, quick setting, etc.	5,455	8,551	14,006
Charcoal	70	5	75
Chemicals—			
Assay and smelting	86,123	80,327	166,450
Cyanide	320,836	449,013	769,849
Soda	29,091	27,207	56,298
All other	76,066	50,780	126,846
Cloth, canvas, etc.	31,034	59,526	90,560
Clothing	240,562	41,731	282,293
Coal-cutting machines . . . . .	.....	24,624	24,624
Coal-cutting machine spares	3,637	35,897	39,534
Coal—			
Smithy	59,993	.....	59,993
Steam	1,153,381	.....	1,153,381
Other, including duff and dross	289,519	.....	289,519
Coke	17,510	.....	17,510
Concrete blocks, etc.	30,749	.....	30,749
Corduroy	518	24,301	24,819
Electrical machinery	402,265	1,134,657	1,536,922
Electrical machinery—spares and fittings	69,271	142,865	212,136
Explosives—			
Blasting gelatine	2,939	.....	2,939
Gelignite and gelatine dynamite	2,857,904	.....	2,857,904
Dynamite and ligdyn	153,517	.....	153,517
"Permitted explosives"	40,248	.....	40,248
Detonators, excluding capped fuses	10,925	9	10,934
Electric detonators or fuses	40,294	3,086	43,380
Safety fuse, excluding capped fuses	5,608	32,226	37,834
Capped fuses	258,973	1,035,892	1,294,865
Lighting torches (tchisa sticks)	22,949	50	22,999
Fire appliances, including hosing, etc.	1,617	17,444	19,061
Food, coffee, milk, etc. (supplied free to white employees)	31,166	8,638	39,804
Foods, etc. (supplied free to coloured employees)—			
Beans	145,591	.....	145,591
Bread, purchased	213,108	.....	213,108
Dholl . . . . .	.....	300	300
Fish	23,071	.....	23,071
Flour	27,234	163	27,397
Malt and cereals for beer	103,488	.....	103,488
Meal (mealie, kaffir corn, etc.)	873,808	.....	873,808
Mealies (whole), also samp, fanko and mealie rice	107,711	.....	107,711
Meat, excluding offal	1,155,229	.....	1,155,229

* Comparative figures for 1938 and 1939 are given in a similar report published in *Commercial Intelligence Journal* No. 1904 (July 27, 1940).

South African Mines Stores Purchases in 1941—Con.

Foods, etc.— <i>Concluded</i>	South African	Imported	Total
Meat (offal)	£ 121,073	£	£ 121,073
Peanuts, shelled	46,566	.....	46,566
Peanuts, unshelled	1,097	.....	1,097
Rice, imported . . . . .	.....	26,129	26,129
Salt, other than for sanitation	7,059	.....	7,059
Sugar, white and brown	89,744	.....	89,744
Vegetables	173,672	.....	173,672
Groceries, coffee, milk, oil, ghee and sundry other foods	77,175	18,708	95,883
Foundry requisites	664	829	1,493
Furniture	7,728	7,288	15,016
Glass	670	4,904	5,574
Hose fittings, excluding fire hose fittings	91,078	4,836	95,914
Hosing, except fire hose	193,826	8,937	202,763
Hospital and ambulance requisites	47,977	124,640	172,617
Instruments	2,434	25,027	27,461
Iron—			
Bar	105,127	31,249	136,376
Galvanized	52,914	7,648	60,562
Sheet	3,015	852	3,867
Pig	3,454	.....	3,454
Hoop	546	2,033	2,579
Grizzleys and fire bars (if iron)	10,590	25	10,615
Ironmongery—			
Bolts, nuts, washers and rivets	163,310	107,559	270,869
Screws and nails	37,731	24,425	62,156
Locks, hinges, staples and chain	58,568	28,867	87,435
Other	32,313	43,772	76,085
Lamps and spares, other than electric	79,134	19,471	98,065
Lead—			
Pig	1,590	125	1,715
Sheet	180	213	393
Leather	701	888	1,589
Lime—			
White	374,668	.....	374,668
Blue	6,009	.....	6,009
Lubricants—			
Oils	20,709	329,322	350,031
Greases and tallow	128,004	110,323	238,327
Lubricators	10,566	13,259	23,825
Machinery and machine tools	417,434	655,854	1,073,288
Machinery spares other than electrical	552,782	472,229	1,025,011
Mercury	581	20,444	21,025
Metals—			
Antifriction	4,381	41,783	46,154
Other	13,124	30,397	43,521
Motorcycles, bicycles, etc.	1,841	1,347	3,188
Oils, other than lubricating—			
Transformer and switch . . . . .	.....	12,362	12,362
Fuel	6,550	145,162	151,712
Other	4,296	19,374	23,670
Oxygen, acetylene and other welding requisites	88,311	36,103	124,414
Packing	32,660	57,807	90,467
Paint, driers, etc., excluding tar	65,243	66,304	131,547
Petrol	7,299	65,451	72,750
Paraffin . . . . .	.....	20,941	20,941
Pipe fittings	156,625	250,436	407,061
Piping—			
Concrete and earthenware	24,148	94	24,242
Fabric, ventilation	22,312	3,781	26,093
Galvanized iron, ventilation	106,720	338	107,058
Iron and steel	757,383	69,800	827,183
Rails, crossings, metal sleepers and fittings	506,158	388,048	894,206
Reduction plant spares—			
Sorting and crushing	122,771	85,925	208,696
Stamp mill:			
(i) Shoes and dies	75,017	254	75,271
(ii) All other	55,666	23,695	79,361
Tube mill:			
(i) Liners	357,486	885	358,371
(ii) Steel balls	621,992	16,905	638,897
(iii) All other	81,786	10,609	92,395
Other	76,032	19,825	95,857

	South African	Imported	Total
Rock drills	£ 20,665	£ 88,959	£ 109,624
Rock-drill spares	440,632	235,964	676,596
Rollers, shaft, etc.	74,832	3,415	78,247
Ropes—			
Wire	700,172	12,408	712,580
Vegetable fibre	10,997	8,132	19,129
Rubber (valves, etc.)	48,501	9,458	57,959
Sand and stone	92,740	.....	92,740
Sanitary requisites	43,531	14,890	58,421
Screening, including mill screening	36,460	6,861	43,321
Soap	20,275	657	20,932
Stable requisites—			
Fodder	43,036	.....	43,036
Animals, vehicles, harness	9,867	3,409	13,276
Stationery and printing	152,412	67,453	219,865
Steel—			
Angle, bar, cast, shafting, tool, etc.	144,075	109,130	253,205
Sheet	219,142	178,118	397,260
Chutes	74,884	3,361	78,245
Hand drill	2,301	4,076	6,377
Rock drill	431,365	194,850	626,215
Rock-drill bits	849	82,746	83,595
Structural	150,473	28,761	179,234
Other	7,991	13,486	21,477
Tamping	22,138	.....	22,138
Tar	34,212	1,765	35,977
Timber—			
Deals (Baltic) . . . . .	.....	167,019	167,019
Oregon . . . . .	.....	252,738	252,738
Pitch pine . . . . .	.....	333,146	333,146
Poles, lagging and pack mats	2,288,771	.....	2,288,771
Wood fuel	4,685	.....	4,685
Other	372,420	139,490	511,910
Tools, hand	112,428	247,856	360,284
Transport and railage	114,349	.....	114,349
Trucks and spares	322,296	120,928	443,224
Waste and sweat rags	29,838	4,766	34,604
Water (purchased)	413,768	.....	413,768
Wire—			
Fencing, netting, gates and metal posts	14,339	35,955	50,294
Underground pack	25,840	22,965	48,805
Zinc and zinc discs	66,737	40,053	106,790
Zinc dust . . . . .	.....	82,367	82,367
Sundry articles not specified above	129,479	65,928	195,407
Compressed air (purchased)	617,982	.....	617,982
Electric power and light (purchased)	4,204,970	.....	4,204,970
Totals	£27,720,013	£ 9,360,779	£37,080,792

TOMATO PRODUCTS IN ARGENTINA

W. B. McCULLOUGH, ASSISTANT COMMERCIAL ATTACHÉ

Buenos Aires, October 14, 1942.—The position of Argentina has changed within the last eight years from being a heavy importer of tomato products to a large producer and an important exporter. Domestic production began about 1935. Prior to this, it was considered that the product manufactured locally could not compete with similar Italian and Spanish products.

During the period from 1924 to 1934 the annual imports of tomato products into Argentina averaged about 18,522,000 pounds. There was a sharp decline during 1935, and the annual imports from 1936 to 1940 averaged about 8,800 pounds; in 1941 only 2,200 pounds were imported. On the other hand, domestic production and exports have sharply and steadily increased. From 1935 to 1938 the average annual production was 18,301,500 pounds, slightly more than

22,000,000 pounds in 1939, nearly 33,000,000 pounds in 1940, 29,635,000 pounds in 1941, and a record production of 40,572,000 pounds in 1942.

The disappearance of the foreign product was entirely due to the development of the local industry, which in the first three years of operation reached a figure equal to the average imports during the 1924-34 period. Further, figures indicate that Argentina can meet the local demand for the manufactured product, and with respect to the main lines such as extract, there is a surplus for export.

1941-42 PACK

Argentina produced a bumper harvest of tomatoes during the past season. The area planted was estimated at 17,290 acres, and the yield in all zones was considered very good, particularly in the irrigated districts of the Province of Mendoza, where weather conditions favoured an abundant crop. The total pack of tomato products for the 1941-42 season is reported by the Argentine Department of Agriculture to be 40,572,000 pounds.

The normal pack of tomato extract for home consumption has been between 250,000 and 300,000 cases. The 1941-42 pack is estimated to be slightly over 400,000 cases for consumption in Argentina. This is mostly packed in 65-gram (2½-ounce) cans, 500 to the case. The pack includes, as well, purchases by the United Kingdom of over 150,000 cases (100 pounds net).

The 1941-42 pack of canned tomatoes is estimated at 150,000 cases (77.2 pounds net) and 10,000 cases of ketchup. Both of these products are for local consumption.

ZONES AND ACREAGE

Tomatoes are grown in many parts of the Argentine Republic. The main producing zones are the irrigated districts of the Río Negro valley and of the Province of Mendoza, but the northern Provinces of Jujuy and La Rioja are also important. Owing to the wide variation in climatic conditions, fresh tomatoes are available for the local market throughout the year. The season, however, is from December to the end of April.

The Department of Agriculture estimated that 17,290 acres were planted to tomatoes in 1942 as compared with 5,000 acres in 1936-37, the last period for which official figures are available.

VARIETIES

The chief commercial varieties grown are the Marglobe, a round variety, and the San Maryano, which is the Italian pear-shaped tomato. Both varieties are used for the manufacture of extract and paste, whereas only the San Maryano is used for canning.

There are eighteen plants manufacturing tomato products in Argentina, located at Río Negro, Mendoza, Jujuy, and Buenos Aires. Formerly the majority of the plants were equipped with copper tubing and the machinery was copper lined, with the result that the copper content of the products was higher than the maximum allowed by the British Ministry of Food. It is understood that these specifications were modified, while, on the other hand, with the installation of some stainless steel equipment, the copper content of subsequent packs was appreciably reduced. Exports to the United Kingdom accounted for 90 per cent of the export volume in 1941.

EXPORTS

Export statistics show that Argentina shipped tomato products to thirty different countries in 1941. During the first six months of 1942, exports totalled 9,996,234 pounds as compared with 5,505,631 pounds in 1941 and 2,491,308 pounds in 1940. The following table shows the leading purchasers of Argentine fresh tomatoes and tomato products for the years indicated:—

Argentine Exports of Fresh Tomatoes, Paste and Extract

	1937	1938	1939	1940	1941	1942
			Figures in Pounds			
Total	461,932	103,528	660,157	2,491,308	5,505,631	9,991,234 [†]
Canada				61,475		*
Paraguay [†]	239,972	84,434	132,256	105,156	147,640	*
United Kingdom	12,930	5,647	499,653	2,096,230	4,978,065	*
Peru	26	35	3,389	75,301	46,878	*
South Africa				41,606	158,989	*
United States		917	792	51	1,497	*
Others	209,004	12,505	24,067	111,489	172,562	*
Exports of fresh tomatoes	*	60,329	56,874	84,553	66,935	70,262§
Imports of fresh tomatoes	*		20,145	25,953	68,906	314,038§

* Figures not available. † Mostly fresh tomatoes. ‡ To June 30. § To August 31; fresh tomatoes are imported from Brazil; as a result of severe frost damage in the northern zone, imports of fresh tomatoes were higher during the off season this year.

OPERATIONS OF FOREIGN TRADE ZONE AT NEW YORK IN 1941

C. H. WEST, ASSISTANT TRADE COMMISSIONER

New York, October 14, 1942.—The fifth annual report on the development of business at Foreign Trade Zone No. 1, New York, covering the year 1941, was recently submitted to the Foreign Trade Zones Board in Washington. The report states that the growth of business in the period mentioned continued to demonstrate the great utility of a place where domestic and foreign merchandise may be brought, stored and manipulated with a minimum of customs control.

GOODS HANDLED

Even in normal times the uncertainties of supply and demand put producers and traders in almost the position of professional gamblers. These uncertainties are greatly increased during war time, as shown by the operations of the zone, both as to the goods handled and in regard to other factors mentioned in the report.

The Sumatra and Java tobacco markets have been transferred from Holland to New York. In 1941 a considerable quantity of tobacco from those sources was brought into the zone, and special storage vaults were built to receive this commodity.

The handling of South American canned beef for labelling, repackaging and inspection continued as an important facility of the zone, both for domestic consumption as well as for transshipment. In-transit cotton from South America also became an important item.

Tungsten from South America rapidly replaced Chinese ore. The tungsten ore processing plant was greatly increased in size and provided with much new machinery to cope with this demand.

Large quantities of liquor were brought into the zone from Great Britain and Scotland for aging. Miscellaneous goods in considerable volume were accommodated in transit or for transshipment when possible to various countries. In addition arrangements were facilitated for the shipment of relief packages to war prisoners abroad.

ZONE ADVANTAGES

The foreign trade zone is particularly valuable for expediting and encouraging transshipments and re-export trade because of the freedom afforded foreign merchandise while in the zone. Some of the advantages as outlined in the report are mentioned hereunder.

Foreign merchandise may be landed in the zone and later shipped to a third country without bond or any form of customs entry. Large stocks of

foreign merchandise may be warehoused and as needed brought into customs territory, reshipped to foreign destinations or destroyed.

Large packages may be opened, broken up into smaller lots, assembled, mixed and repacked with other merchandise for re-export. Bonded warehouse regulations permit withdrawal of an entire package only.

Goods may remain indefinitely in a foreign trade zone, while in a bonded warehouse the limitation is three years.

In the zone duty is paid on the weight of the merchandise at the time it is removed, thereby taking advantage of shrinkage and other losses; in a bonded warehouse duty is paid on the basis of the weight of the merchandise at the time of entry therein.

In a foreign trade zone defective or sub-standard merchandise may be removed or brought up to standard before customs entry. This is not permitted in a bonded warehouse, where often an entire shipment is rejected if samples do not meet standards.

No bond is required on merchandise in a foreign trade zone, while in a bonded warehouse a bond for double the amount of the duty must be posted. This exhausts both the time and credit of the importer.

In a foreign trade zone merchandise may be manipulated or processed to take advantage of a favourable rate of duty. Peas may be cited as one example. If these are split before being brought into customs territory, they are assessed a lower rate of duty than the whole pea. The husk and foreign matter may be removed, thereby reducing the dutiable weight. These advantages would be lost if work is done in a bonded warehouse.

Another illustration of the advantages of the foreign trade zone concerns the handling of alcoholic beverages. In the zone leaky casks and barrels may be refilled before customs entries, while if entered from a bonded warehouse only the legal shrinkage (outage) is allowed.

Manipulations may be performed in a foreign trade zone at any time, day or night, without any added expense for customs supervision. Manipulation in a bonded warehouse authorized to perform these functions must be done under the immediate supervision of a customs official, the cost of whose services must be paid by the proprietor. If the warehouse manipulations are performed at any time other than regular business hours, overtime must be paid for customs services. As an example, the tungsten ore refining plant in the New York Foreign Trade Zone operates on a four-shift 24-hour basis. No special customs inspectors are assigned to this operation for the reason that general supervision is maintained by permanent customs personnel stationed at the zone.

GENERAL ORDER WAREHOUSING

The report points out that still another point favourable to the zone concerns "general order" warehousing. Non-dutiable commodities cannot be stored in a bonded warehouse. Over-quota shipments of non-dutiable commodities such as coffee must go to a "general order" warehouse or to a foreign trade zone. In the case of "general order" warehousing, the handling and trucking must be performed by specially bonded freight handlers, resulting in higher charges. Merchandise can only remain in "general order" for a period of one year, after which it may be sold for accrued charges. Merchandise in "general order" warehouse is under custody of the collector, which raises a question as to the negotiability of a warehouse receipt if one is given. Very often it is important that the importer be able to borrow money on over-quota stocks.

In a foreign trade zone such goods may remain indefinitely and, as they are in the custody of the zone operator, negotiable warehouse receipts may be freely issued. While special emergency regulations have been issued to prevent sampling in the "general order" warehouse, owners of merchandise stored in a foreign trade zone are free to sample, inspect, manipulate and carry on a number of other activities without any customs supervision.

CARGO HANDLING

Goods may be discharged directly into the zone from ocean-going vessels and by rail, or be transferred in or out by lighter or truck, or by hand or parcel post.

During 1941 there was received at the New York Foreign Trade Zone 114,122 short tons of foreign merchandise valued at \$63,782,894 and 22,736 short tons of domestic merchandise valued at \$24,840,300. In the same period there was shipped to foreign countries from the zone 47,320 short tons of merchandise valued at \$37,276,008, while 76,640 short tons of merchandise valued at \$35,739,852 was entered into customs territory of the United States from the zone. Total receipts and shipments showed a decrease from the 1940 figures of 39 per cent in weight and 1.7 per cent in value.

COMMODITIES RECEIVED

The number of different commodities received decreased to 232 in 1941 from 279 in 1940. In order of weight the six most important items were: cotton (35,735 short tons); sugar (12,359 tons); tungsten ore (9,812 tons); machinery (8,916 tons); tobacco (6,853 tons); preserved meat (6,681 tons). In order of value the six leading commodities were: tobacco (\$26,237,314); tungsten ore (\$11,035,693); airplanes and parts (\$9,649,116); cotton (\$9,424,386); machinery (\$7,977,604); autos, trucks and parts (\$4,666,171).

The changes in conditions are apparent from a comparison of this list with that for 1940, when the six most important items by weight were: copper (83,833 short tons); industrial machinery (19,317 tons); steel plates, sheets and bands (11,660 tons); motor trucks (10,790 tons); oil-bearing nuts (10,239 tons); antimony ore and metal (8,177 tons). By value these were: industrial machinery (\$19,051,069); copper (\$16,353,964); airplanes (\$14,328,656); tungsten ore and concentrates (\$7,420,278); motor trucks (\$4,372,550); asbestos (\$2,428,006).

COUNTRIES OF ORIGIN

The number of different countries of origin of commodities arriving at the zone increased to 70 in 1941 from 55 in 1940. During the former period the leading countries on the basis of weight of goods were: Brazil (43,304 short tons); United States (22,737 tons); Peru (14,218 tons); and Argentina (9,977 tons). Of these the United States (\$24,840,300) and Brazil (\$7,577,325) were in second and third place on the basis of value, being preceded by the Netherlands East Indies (\$26,509,018), with China (\$5,158,113) coming fourth.

In 1940 the leading countries by weight of commodities were: Chile (80,354 short tons); United States (69,555 tons); Brazil (20,304 tons); and China (15,678 tons). By value these were: United States (\$46,811,779); Chile (\$15,454,043); China (\$9,143,180); and Brazil (\$2,415,611).

Cargoes arrived on vessels under the flags of six different nations. Out of a total of 40 ships, 19 were of Netherlands registry, 8 each of Norwegian and American, 3 from Great Britain and one each from Brazil and Sweden.

DESTINATION OF COMMODITIES

The number of different countries of destination for commodities shipped from the zone increased to 75 in 1941 from 57 in 1940. In order, the United States, as would be expected, was by far the most important with 78,642 tons (\$35,875,500), followed by the United Kingdom with 15,455 tons (\$21,933,573). Next in importance by weight was China with 8,419 tons (\$2,075,239) and Canada with 6,068 tons (\$1,756,695).

In 1940 the leading countries of destination in order by weight were: France (103,781 tons); United States (76,767 tons); United Kingdom (25,226 tons); and Belgium (3,011 tons). By value the chief countries were: United

Kingdom (\$28,025,660); France (\$27,544,471); United States (\$17,164,520); and Sweden (\$3,098,195).

METHOD OF CARRIAGE

Of the goods arriving and departing from the zone in 1941 by far the greater part, representing 64·6 per cent of the total, was carried by harbour craft. Motor trucks transported 18·7 per cent and steamers 15·8 per cent, the balance being carried by rail cars and other means.

In 1940 a total of 65·5 per cent of the goods was carried by harbour craft, 21·4 by steamers, 11·2 by motor trucks and the remainder by rail and other methods.

Customs duties collected at the zone totalled \$2,867,352 in 1941 as compared with \$1,931,296 in 1940.

EFFECT OF THE WAR

The effect of the war on zone operations is indicated by the changes in commodities handled and the countries of origin and destination as shown above. It is impossible to estimate operations for the future, but the zone operators feel there will be more and more need for the accommodations of foreign trade zones if the United States is to continue the "good neighbour" policy in international trade.

WAGES AND PRICES IN CHILE

M. J. VECHSLER, CANADIAN TRADE COMMISSIONER

Santiago, October 10, 1942.—Considerable preoccupation is evidenced in Chile at present regarding the relationship between prices and wages, since upon that relationship depends the welfare of the people, and it is the principal factor determining social stability. From this arises the factor of the true purchasing power of the currency.

Chile has had an obligatory social security system since 1932 and, from data obtained from that source, the following returns have been obtained showing the amount of wages paid in the country and the increase in such wages during the past ten years:—

Chilean Wage Payments

Year	Chilean Pesos	Year	Chilean Pesos
1932	605,699,310	1937	1,522,799,262
1933	747,612,121	1938	1,716,044,685
1934	902,205,721	1939	2,018,878,761
1935	1,107,304,313	1940	2,455,451,455
1936	1,262,131,609	1941	2,913,801,636

During the first six months of the current year, wages paid have amounted to 1,633,240,540 pesos as compared with 1,362,080,708 pesos for the comparable period of last year.

The foregoing amounts also include wages of new workers added each year through increase of population, nevertheless it is apparent that total wages paid have increased almost fivefold during the past ten years.

The following returns show the annual average wage per day of work paid during the last five years in various industries:—

Average Daily Wage Rates

Industry	1938	1939	1940	1941	Jan.-June 1942
	Figures in Pesos				
Sugar	16.60	17.14	21.25	29.89	39.49
Cement	21.84	25.00	29.45	35.85	41.14
Brewery	12.75	14.53	17.51	19.39	24.55
Electrical	14.22	16.34	19.86	25.57	40.87
Match	7.72	11.24	16.23	15.80	19.38
Gas, coal, tar and coke	17.77	20.49	22.20	25.07	29.56
Cotton textile	10.97	11.41	13.83	17.65	22.02
Woollens	11.62	12.84	17.38	23.04	26.94
Paper and cardboard	21.85	30.26	36.29	39.13	44.36
Tobacco	8.42	11.11	12.70	17.64	21.83
Total average	14.16	16.62	20.23	24.98	32.30

The simplest method for examining the rise in retail prices is to examine the foregoing in connection with the cost of living as prepared by the Statistical Office, since the latter includes those price fluctuations of articles which enter into the feeding, clothing and other necessities of the individual, being weighted proportionally in accordance with the economic importance of the article considered. The index of the cost of living in Santiago since 1938 has been as follows: 1938, 184.1; 1939, 186.7; 1940, 210.3; 1941, 242.3; 1942 (June), 301.0.

The variations that have occurred in those commodities which enter into the index and which comprise the staple foods of the people are indicated in the following table, the average annual prices shown being those of such food-stuffs in Santiago:—

Annual Average Prices

	1938	1939	1940	1941	1942
	Pesos per Kilo of 2.2 Pounds				
French rolls	2.05	1.75	1.87	1.80	2.60
Beans	2.02	1.74	1.79	3.04	4.10
Macaroni	2.41	2.28	2.36	2.58	3.53
Sugar	2.04	2.12	2.25	2.19	3.51
Beef	7.97	7.89	10.84	11.00	12.50
Potatoes	0.45	0.44	0.68	0.72	0.75

The foregoing figures show that from 1938 to 1942 wages have risen by 130 per cent. During this same period the index of the cost of living rose by 68 per cent.

However, when present (June, 1942) prices and wages are compared with those of 1941, wages are shown to have risen by approximately 30 per cent and the index of the cost of living in the capital has increased by 25 per cent. Further examination shows, however, that in June, 1942, the price of bread was 45 per cent higher than the average for 1941, beans were 35 per cent higher in price, macaroni increased by 37 per cent, sugar increased by 60 per cent, and beef advanced by 14 per cent. In potatoes alone was the increase of minor importance.

ECONOMIC CONDITIONS IN COLOMBIA

H. W. BRIGHTON, CANADIAN TRADE COMMISSIONER

Panama, September 28, 1942.—There has been a gradual reduction in business activity in Colombia since the beginning of this year, due to the present world conflict. Shortages in certain lines such as provisions, tinplate, construction materials, electrical fittings and sanitary fittings are steadily becoming more pronounced, and recently the public have exhibited a certain amount of sales resistance, due to advancing prices, amounting to 20 per cent in some cases, of articles of prime necessity.

National revenue collected during the first six months of 1942 was 1,000,000 pesos less than for the same period in 1941. However, a large part of the taxes has already been collected and, with the decrease in customs receipts due to importers not being able to obtain merchandise, the Government is faced with an increasing deficit which may have a serious effect later on.

On July 25 the Board of Exchange Control showed a favourable trade balance of \$30,000,000, indicative of the heavy reduction in imports resulting from shortage of shipping space. In June the Government authorized the Banco de la Republica to take over all dollar exchange in the Republic. Under the circumstances the introduction or exportation of United States bank notes is prohibited. Earlier in the year all Colombians resident in the country were ordered to declare and bring back to the country funds held abroad.

PRODUCTION AND EXPORTS

Movement of coffee is at present at a standstill. The old crop has been disposed of, and the new crop, due in early October, has not come on the market.

The 1942-43 quota for Colombian coffee has been fixed by the United States at 4,668,142 sacks, which will be approximately the quantity available for export. Prices have been fairly stable in New York and as soon as the quotas have been established for United States importers, movement can be expected. Present indications are that the new crop will be of high quality and slightly in excess of normal in quantity.

Gold production is declining, and the industry is faced with the difficulty of obtaining supplies, which is likely to cause a further decrease in production. This is causing considerable concern to the Government, as this industry is the second largest producer of exchange. Production for the first six months was 7.5 per cent below the figure for the same period of 1941.

The textile mills continue to operate full time, producing goods that find a ready market. The quality of the Colombian-produced materials is steadily improving, is well assorted, and much of it is reported by the retailers to equal imported merchandise. They appear to be well supplied with raw materials with the possible exception of dyes and some chemicals.

A shortage of tankers for the petroleum industry has an adverse effect on the economy of Colombia, since there is a resulting decrease in the Government's royalties, which in turn reduces revenue and also causes unemployment.

Production by the sugar industry, which is operating in a controlled market, is satisfactory. Consumption in 1940, the last year for which figures are available, amounted to 1,194,457 bags, and local production is approximately equal to consumption, although at present there is a small surplus. If production increases, which seems likely, it will be necessary for Colombia to seek export markets.

The cattle-raising industry continues on a sound and profitable basis. Due to the heavy demand to meet the Panama Canal Zone requirements, prices have been well maintained. However, the rising cost of living may later have an adverse effect when the Canal Zone requirements have been met. Attempts have been made by the Price Control Board to fix price ceilings for foodstuffs, but their efforts have met with little success so far.

EXCHANGE CONTROL

In April of this year the Exchange Control Board announced that exchange would be provided for goods in the second, third and fourth compensation categories, as soon as applications were approved, at the rates specified, namely, 179.50 pesos per U.S.\$100 for the second category, 187 pesos for the third and 195 for the fourth category, plus coffee tax. Canadian exporters should stipulate that payment be made at Stabilization Fund rates when goods come under the deferred categories, except in cases where the exporter desires that a letter of credit be established. (A full list of commodities and the categories in which they are placed was published in *Commercial Intelligence Journal* No. 1931: February 1, 1941, page 140.)

TARIFF CHANGES AND TRADE REGULATIONS

Ireland

ADMISSION OF SILK HOSIERY AND WOOL TISSUES

Mr. George Shera, Office of the Canadian Trade Commissioner in Dublin, advises that, by an Order of the Government of Eire, dated August 31, 1942, the suspension of import quota restrictions on imports into Eire of hosiery (other than half-hose) made wholly or partly of silk or artificial silk and on woven tissues of wool or worsted exceeding 3s. per square yard in value has been extended for a further period from October 1, 1942, to June 30, 1943.

Trinidad

DUTY-FREE ENTRY FOR GIFTS TO FIGHTING FORCES

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, advises that bona fide gifts to non-Trinidadian personnel in the fighting services stationed in Trinidad will be admitted to the Colony free of duty for the duration of the war.

British Guiana

COMPETENT AUTHORITY CHANGE

Notice has been given in the British Guiana *Official Gazette* of September 24, 1942, that Mr. W. A. Macnie, O.B.E., is appointed Competent Authority (under the style of Controller of Commodities) to control the importation into British Guiana of all commodities other than mineral oils except kerosene. The Controller will also be in charge of the distribution of commodities within the Colony.

Prior to the appointment of Mr. Macnie as Competent Authority, this authority was vested in the Commodity Control Board, of which the Honourable B. R. Wood was Chairman and the Controller of Commodities was a member. This arrangement has now been cancelled.

Jamaica

REGULATIONS FOR TRANSHIPPED GOODS FURTHER MODIFIED

Mr. F. W. Fraser, Canadian Trade Commissioner at Kingston, reports that under an Order made by the Governor in Privy Council on August 13, 1942, the Jamaican regulations of March 1, 1942, published in *Commercial Intelligence Journal* No. 1989 (March 14, 1942), page 275, were further modified in respect to direct shipping requirements. Prior to March 1, 1942, in order to qualify for preferential tariff treatment, goods from Canada were required to be shipped direct; the regulations of March 1, 1942, provide that Canadian goods shipped through a foreign country would be admitted at preference when accompanied by certain documents attesting to their Canadian origin.

The new regulations for transhipped goods provide that, if the Collector General is satisfied in respect of any particular goods that the direct shipment requirements could not reasonably be complied with but that all such requirements as can be observed have been observed and that such goods are the growth, produce or manufacture of the British Empire, he may in his discretion waive compliance with such of the requirements that have not been observed and admit such goods at the preferential tariff rates.

United States

SPECIAL CONSULAR CERTIFICATE ON ACCOUNT OF GENERAL IMPORTS ORDER M-63

To ensure compliance with General Imports Order M-63, as amended, the Department of State at Washington has instructed United States Consular Officers to require, after September 30, 1942, a special certificate setting forth the relation to this order of each shipment as a prerequisite to its export to the United States. Consuls are to withhold certification of a consular invoice in any case where the shipper is unable to state either that the merchandise in question is admissible under the Order or does not come within its provision.

General Imports Order M-63 was issued by the United States War Production Board, effective July 2, 1942. It stated that no person other than government agencies may import, purchase, or contract for import any material listed in the Order without authority of the Director of Industry Operations. Com-

modities subject to this control are divided into three lists. List I and List II consist of strategic materials, previously under control, and some additional goods. List III includes numerous articles for civilian use. Goods on List III are exempted from requiring an import licence when shipped overland, by air or by inland waterway from Canada, Mexico, Guatemala or El Salvador. Materials imported by mail valued at less than \$100 and material sent as samples or as gifts or imported for personal use valued at less than \$200 are also exempted from the requirements of the Order.

Regarding the form of the special certificate, the circular of the Department of State says:—

The special certificate shall be executed for all shipments and shall be certified by consular officers after the consignor in each case shall have signed a declaration that he has received assurance from the consignee in the United States that such consignee (1) is a United States Government corporation or other agency of the United States Government; or (2) is acting as an agent for a United States Government corporation or other agency of the United States Government; or (3) is importing a commodity listed on List I or II of the Order in accordance with a contract dated prior to the date on which the commodity first became subject to M-63; or (4) is acting under an exemption granted by the War Production Board (the number of the letter of authorization should be given in the special certificate); or (5) is importing a commodity that does not appear on List I, II, or III of M-63.

The purpose of requiring the certification for shipments falling within the last group of the special certificate, which comprises all articles not affected by General Imports Order M-63, the circular states, is to oblige all shippers to determine whether the commodities they wish to export to the United States are affected by General Imports Order M-63.

Consular Officers are instructed to require certification before the actual lading of the merchandise. On this account it is necessary for shippers to forward consular invoices and special certificates for all shipments to Consular Officers in sufficient time for certification to be attended to before the actual shipment is made. Shipments arriving in the United States without the necessary consular invoices are subject to penalties.

It is explained that whereas the agencies of the United States Government and government-owned corporations are not required to present certified consular invoices in order to enter official shipments, invoices presented on behalf of such agencies and corporations may be certified gratis.

Guatemala

REDUCTION OF SURCHARGE ON IMPORTS BY POST

Mr. C. S. Bissett, Canadian Trade Commissioner in Mexico City, advises that, effective October 15, for the duration of the present war the surcharge of 10 per cent of the customs duty levied on imports into Guatemala by post, under Article 194 of the Customs Law of April 10, 1935, has been reduced to 5 per cent of the duty.

Peru

COMMISSION FOR THE CONTROL OF MEDICINAL PRODUCTS

Mr. W. G. Stark, Acting Trade Commissioner at Lima, writes that a Peruvian resolution of August 12, 1942, sets up a permanent Commission for the Control and Supply of Medicinal Products, which will function within the Ministry of Public Health, Work and Social Welfare. The Commission will have the following functions: (a) to complete the selection of medicines and pharmaceutical products from the point of view of their therapeutic value; (b) to formulate, on the basis of such selection, the necessary requirements for the government services; (c) to study and propose the necessary measures to

foresee and to look after the supply of these essential products; (d) to endeavour to obtain a lower cost of medicines and, with this object in view, to make a study of the customs duties and taxes to which they are subject; (e) to revise the price limits of specialties and to suggest any modifications which may be deemed necessary; (f) to propose the regulations to which the inscription or re-inscription of pharmaceutical specialties are to be subjected; (g) to propose the measure of control concerning the preparation of national chemical and pharmaceutical products.

EXCHANGE CONDITIONS IN PERU

W. G. STARK, ACTING TRADE COMMISSIONER

Lima, October 1, 1942.—Dollar exchange in Peru is plentiful and continues to be sufficient to meet commercial payments regularly. The bank rate of exchange for the Peruvian sol remains steady at 6.485 soles to the United States dollar buying and 6.50 soles selling. Taking into consideration the official rates as between American and Canadian dollars, approximately 5.85 soles equal one Canadian dollar, or one Peruvian sol is equivalent roughly to 17.1 Canadian cents. Although the exchange position is easy and some appreciation in the value of the sol could be achieved, there does not appear to be any current intention of modifying present exchange rates.

There is no official import or exchange control in operation in Peru, but through a semi-voluntary system Peruvian exporters, or banks acting on their behalf, hand over their foreign exchange to the Central Reserve Bank. The latter in turn allocates its exchange to the various commercial banks in a rough proportion between their normal dealings and present requirements. The economic position of the country has been greatly strengthened by the conclusion of long-term agreements with the United States for the purchase of all surplus cotton and the flax crop, and for the granting of loans to assist the exploitation of needed raw materials, such as rubber, and for general development schemes. The Peruvian Government and the American engineering firm of H. A. Brassert Co. have recently signed a contract for the construction of the large new iron- and steel-making plant in the northern part of the country at the port of Chimbote.

According to a Supreme Decree of June 8, the importation and exportation of United States dollar banknotes are henceforth to be made exclusively by the Central Reserve Bank. All present holders of these were to deliver them to the Central Bank prior to June 30, with a statement as to their origin. The only exception is in favour of passengers entering or leaving the country, who may bring in or take out up to \$100 in notes. No restrictions are placed on travellers' cheques or letters of credit, the Decree being designed only to obviate the results of clandestine operations in dollar bills.

By a Supreme Decree of September 5 the Lima and Arequipa branches of the Banco Aleman Transatlantico (German Bank) have been put under the control of the Peruvian Superintendent of Banks. This step is indicative of projected measures to nationalize or liquidate that German entity.

TERMS OF PAYMENT

Regarding terms, it is recommended that Canadian exporters require cash against documents for their shipments and a letter of credit if the firm is not known to them. Ordinarily the latter arrangement is only accepted by importers under special circumstances but, due to the difficulty of obtaining goods from any source, traders are now more willing to comply. There is still a considerable volume of business being done on short-credit terms of 30 to 90

days, but acceptance of these conditions is only advisable when the exporter has full confidence in the consignee's ability to pay. Importers are finding it very difficult to replenish stocks, and shortages are beginning to occur in various lines for civilian consumption.

When making quotations to Peruvian concerns it is recommended that shippers in Canada quote in terms of United States dollars, since, according to the regulations of the Canadian Foreign Exchange Control Board, final payment must be effected in that currency. This prevents confusion between the official and unofficial rates for Canadian dollars in terms of American funds, as well as assuring that prices are quoted in the medium of exchange that is most commonly used in this market. If quotations are made in Canadian dollars, a clear indication should be given of the exchange allowances granted to convert these offers into American funds.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING OCT. 26, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, October 26, 1942, and for the week ending Monday, October 19, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Oct. 19	Nominal Quotations in Montreal Week ending Oct. 26	Official Bank Rate
Great Britain.	Pound	4.8666			
		Buying	\$4.4300	\$4.4300	2
		Selling	4.4700	4.4700	—
United States.	Dollar	1.0000			
		Buying	1.1000	1.1000	1
		Selling	1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
		Bid	4.4200	4.4200	—
		Offer	4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
		Official	.3304	.3304	3½
		Free	.2628	.2641	—
Brazil.	Milreis (Paper)	.1196			
		Official	.0673	.0673	—
		Free	.0572	.0572	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
		Official	.0574	.0574	3-4½
		Export	.0444	.0444	—
Colombia.	Peso	.9733	.6328	.6328	4
Venezuela	Bolivar	.1930			
		Official	.3313	.3313	—
		Free	.3330	.3330	—
Uruguay.	Peso	1.0342			
		Controlled	.7307	.7307	—
		Uncontrolled	.5852	.5852	—
South Africa.	Pound	4.8666			
		Bid	4.3862	4.3862	3
		Offer	4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
		Bid	4.5380	4.5380	—
		Offer	4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
		Bid	3.5300	3.5300	3
		Offer	3.5760	3.5760	—
New Zealand.	Pound	4.8666			
		Bid	3.5440	3.5440	1½
		Offer	3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

C. H. PAYNE, *Director*

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Melbourne: FREDERICK PALMER, 44 Queen Street, Melbourne, C.I. (Territory includes States of Victoria, South Australia, Western Australia, and Tasmania.) *Cable address, Canadian.*

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L. S. GLASS, Commercial Attaché. Address for letters—Caixa Postal 2164, Rio de Janeiro. Office—Ed. Metrôpole, 7th Floor, Av. Presidente Wilson 165. *Cable address, Canadian.*

British India

PAUL SYKES. Address for letters—P.O. Box 886, Bombay. Office—Gresham Assurance House, Mint Road, Bombay. (Territory includes Burma and Ceylon.) *Cable address, Canadian.*

British West Indies

Trinidad: G. A. NEWMAN. Address for letters—P.O. Box 125, Port of Spain. Office—Colonial Life Insurance Building. (Territory includes Barbados, Windward and Leeward Islands, and British Guiana.) *Cable address, Canadian.*

Jamaica: F. W. FRASER, P.O. Box 225, Kingston. Office—Canadian Bank of Commerce Chambers. (Territory includes the Bahamas and British Honduras.) *Cable address, Canadian.*

Chile

M. J. VECHSLER. Address for letters—Casilla 771, Santiago. (Territory includes Bolivia.) *Cable address, Canadian.*

Cuba

J. L. MUTTER. Address for letters—Apartado 1945, Havana. Office—Royal Bank of Canada Building, Calle Aguiar 367, Havana. (Territory includes Haiti, the Dominican Republic, and Puerto Rico.) *Cable address, Canadian.*

Egypt

RICHARD GREW. Address for letters—P.O. Box 1770, Cairo. Office—22 Shari Kasr el Nil, Cairo. (Territory includes the Sudan, Palestine, Cyprus, Iraq, Syria, Iran and Turkey.) *Cable address, Canadian.*

Ireland

E. L. MCCOLL, 66 Upper O'Connell Street, Dublin, Ireland (*cable address, Canadian*); and 36 Victoria Square, Belfast, Northern Ireland.

Mexico

C. S. BISSETT. Address for letters—Apartado Num, 126-Bis, Mexico City. Office—Edificio Banco de Londres y Mexico, Num. 30, Mexico City. (Territory includes Guatemala, Honduras, and Salvador.) *Cable address, Canadian.*

CANADIAN GOVERNMENT TRADE COMMISSIONERS—*Con.*

Newfoundland

R. P. BOWER, Acting Trade Commissioner, Circular Road, St. John's. *Cable address, Canadian.*

New Zealand

C. B. BIRKETT, Acting Trade Commissioner. Address for letters—P.O. Box 33, Auckland. Office—Yorkshire House, Shortland Street, Auckland. (Territory includes Fiji and Western Samoa.) *Cable address, Canadian.*

Panama

H. W. BRIGHTON. Address for letters—P.O. Box 222, Panama City. Office—98 Central Avenue, Panama City. (Territory includes the Canal Zone, Venezuela, Colombia, Nicaragua, Costa Rica, and the Netherlands West Indies). *Cable address, Canadian.*

Peru

W. G. STARK, Acting Trade Commissioner. Address for letters—Casilla 1212, Lima. Office—Edificio Boza, Carabaya 831, Plaza San Martin, Lima. (Territory includes Ecuador.) *Cable address, Canadian.*

South Africa

Cape Town: J. C. MACGILLIVRAY. Address for letters—P.O. Box 683. Office—New South African Mutual Buildings, 21 Parliament Street. (Territory includes Cape Province and Southwest Africa, Natal, Tanganyika, Kenya, Uganda, Mauritius, Madagascar and Angola.) *Cable address, Cantracom.*

Johannesburg: H. L. BROWN, Acting Trade Commissioner. Address for letters—P.O. Box 715. Mutual Buildings, Harrison Street. (Territory includes Transvaal, Orange Free State, the Rhodesias, Mozambique or Portuguese East Africa, Nyasaland and the Belgian Congo.) *Cable address, Cantracom.*

United Kingdom

London: FREDERIC HUDD, Chief Trade Commissioner in the United Kingdom, Canada House, Trafalgar Square, S.W.1. *Cable address, Sleighing, London.*

London: J. A. LANGLEY, Trade Commissioner, Canada House, Trafalgar Square, S.W.1. (Territory includes Home Counties, Southeastern Counties, and East Anglia; also British West Africa.) *Cable address, Sleighing, London.*

London: W. B. GORNALL, Fruit Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Canfrucum.*

London: G. R. PATERSON, Animal Products Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Agrilson.*

Liverpool: A. E. BRYAN, Martins Bank Building, Water Street. (Territory includes North of England, Lincolnshire, North Midlands, and North Wales.) *Cable address, Canadian.*

Bristol: JAMES CORMACK, Northcliffe House, Colston Avenue. (Territory includes West of England, South Wales, and South Midlands). *Cable address, Canadian.*

Glasgow: G. B. JOHNSON, 200 St. Vincent Street. (Territory covers Scotland.) *Cable address, Cantracom.*

United States

Washington: H. A. SCOTT, Commercial Attaché. Office—Canadian Legation.

New York City: D. S. COLE, British Empire Building, Rockefeller Center. (Territory includes Bermuda.) *Cable address, Cantracom.*

Chicago: M. B. PALMER, Tribune Tower, 435 North Michigan Avenue. *Cable address, Canadian.*

Los Angeles: T. J. MONTY, Acting Trade Commissioner, Associated Realty Building, 510 West Sixth Street. *Cable address, Canadian.*

Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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MARKET FOR IRISH MOSS IN THE EASTERN UNITED STATES*

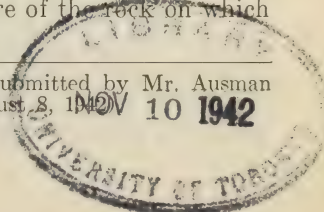
L. H. AUSMAN, ASSISTANT TRADE COMMISSIONER

New York, October 20, 1942.—Carrageen, or Irish, moss usually flourishes on gently sloping rocky sections of the coast from the low-water mark to a depth of some fourteen feet at ebb tide. It is a perennial plant, reaching its full development in the spring and summer. The mature plants range from dull green to purple in colour and, although they vary greatly in form, present certain characteristic features by which they may be recognized. The fronds, which vary from two to ten inches in height, are densely tufted from repeated forkings that arise from a narrow sub-cylindrical stem about an inch long, which is rooted to the rock by a flattened disc. The branched fronds vary greatly in appearance, depending upon environment. The quieter the water the flatter and broader become the stem and fronds.

Generally speaking, Irish moss may be divided into beach or storm moss and raked or pulled moss. As the names imply, the former is washed up on the beach after storms, especially late in the fall and very early in the spring; the latter is gathered with rakes from rocks in deep water during low tide.

Of the raked or pulled moss there are three grades known to the trade, although in nearly all cases moss is bought on the basis of sample. The three grades of moss, depending on its treatment, are generally recognized as (1) black or unbleached, (2) semi or half-bleached, and (3) fully bleached. It is not possible, however, to establish recognized standard grades and colours, as these depend to some extent on the source of the moss and nature of the rock on which it grows.

*This report is supplementary to one on the same subject submitted by Mr. Ausman and published in *Commercial Intelligence Journal* No. 2010 (August 8, 1942).



There may be many gradations of quality in each of the main groups mentioned above, depending upon (a) freedom from foreign matter such as foreign vegetation, sand, shells, stones and decayed sea life; (b) amount of moisture present and whether mould or fermentation has taken place; and (c) whether the material has been damaged during curing, either by improper handling or by rain.

It is essential that the moss be as clean as possible, and during the bleaching process it should be carefully inspected. In Massachusetts it is conveyed on a moving belt or revolving screen and at the same time picked over by hand to ensure that all foreign matter is removed.

The moisture content is very important. Some buyers demand as low as 10 per cent or less moisture and, although this is desirable, moss has been reluctantly accepted with a moisture content of as high as 20 per cent. At one time some French moss was guaranteed at not more than 2 per cent moisture. It is obvious that buyers will not pay as high a price for moss that weighs more due to water content and which also involves heavier transportation charges. It is estimated that one hundred pounds of wet moss is reduced to approximately twenty pounds when dry.

The greatest demand is for a fully bleached moss, although for some purposes the unbleached product is satisfactory. For use in most food and pharmaceutical products, however, a good bleach is required. It is preferable that moss be naturally bleached by the action of the sun, but if chemically bleached with sulphur dioxide or other agents, it must be so shown on the bales.

During the bleaching process the moss should be spread out in the sun, preferably on canvas to keep it clean, turned, and carefully re-wet with sea water from time to time. At night it may be gathered and put in the sheds or well covered with canvas or tarpaulin to keep it dry, as even fog or mist tends to destroy the gelatinous value.

PROCESSED MOSS

Irish moss is used for many purposes in a very fine powder or dust form. Up to May, 1940, it was imported in this form from several French firms, and in most cases it was prepared according to some secret formula. The product was tasteless and odourless and ideal for certain food and drug purposes. The pulverizing of the moss, however, requires extensive equipment and, unless Canadian firms are able to offer the powder in from 125 to 200 mesh, it would be better to sell Irish moss in leaf form, as the importers and processors in this market have facilities for grinding it according to the specifications of their various customers. Since the processors, who are the largest buyers, make their own stabilizers and other gelatinous products, they would prefer to do the grinding themselves. A customs duty of 10 per cent ad valorem is levied on pulverized moss, while the raw material is free of duty. It is more economical, therefore, for United States processors to import the moss in bales and have it pulverized locally.

If Canadian producers wish to offer ground moss on this market, it should be of the best quality in order to justify the higher production cost and selling price. As the degree of fineness required depends upon the use to which the moss is to be put, offers must be made on the basis of samples, and producers should be prepared to supply various grades.

USES OF IRISH MOSS

The industrial uses of Irish moss are as varied as they are numerous. As Dr. Needler states in his report, they result from the presence in the moss of a "gelose", a carbohydrate with little or no nutritive value but small quantities of which will increase the stiffness and alter the consistency of many liquids. Irish moss may be used sometimes as a substitute and sometimes in conjunction with such other products as isinglass, gum Arabic, gum Karaya, agar-agar, etc.

Following are brief notes on some of the industries using Irish moss or preparations containing the gelatinous material obtained from the moss. It should be mentioned that in most cases the Irish moss is used in a processed form, either powdered or as a specially prepared formula or compound developed by the processors.

Leather.—Although not absolutely essential in tanning, Irish moss imparts to certain types of leather a stiffness and a gloss that are highly desirable. When used in shoe polish and leather dressings, moss gelatine serves to restore the finish to worn scuffed leather.

Textiles.—When used as a sizing for textiles, Irish moss gives the material a surface to which printing will adhere. It is also used as a thickener for colours in calico printing.

Paint.—The addition of an Irish moss stabilizer to cold-water or casein paints gives them a consistency that holds the film in place on the painted surface while the casein hardens. Paints so treated brush well and hold to the surface when dry. The moss is used in preference to gums on account of its cheapness, its thick consistency in extremely low concentration and its transparency when dry.

Beer.—In its leaf form, Irish moss is used in the clarification or "fining" of beer. As the moss is added, the fluid gelatine is freed and unites with the tannin of the hops to form a flocculent mass which encloses the suspended particles of sediment. The impurities may then be removed as a scum. Although chemical finings have been used in recent years for clarifying beer, most brewers acknowledge the value of Irish moss for this purpose.

Toilet Preparations.—The gelatinous feature of Irish moss is of considerable value in the manufacture of numerous toilet preparations. Soap manufacturers and barbers find that it produces a good velvety lather. A perfumed solution has been used as a hair fixative. In various non-greasy ointments Irish moss is used as a base, making it possible to apply them without soiling clothing. Technicians noted that those engaged in preparing Irish moss mucilage as an emulsifier never suffered from chapped hands even in the coldest weather and, as a result, a skin lotion in which the product is used both as a body and active principle has been developed.

Drugs and Medicines.—The drug industry uses a certain amount of Irish moss for various purposes, such as a laxative and regulator when mixed with mineral oil; in cough medicines, where it serves to provide a body that holds the mixture against inflamed membranes; as a binding agent in the preparation of pills; and in other ways. It is also reported to have been used in the manufacture of invalid food and a jelly extract in the treatment of stomach ulcer.

Food.—Perhaps the most important use for Irish moss, although not the most extensive from the point of view of volume, is in the food industries. The product has been used in varying degrees, sometimes in place of currently more expensive agents in the manufacture of blanc mange, as a stabilizer in milk products, in the nature of a non-settling agent for chocolate and cocoa, as a stabilizer and body for ice cream to prevent crystallization, as a base for soda-fountain syrups, and as a filler for confectionery such as candy bars. It is also reported to have been used to a limited extent in the canning industry, where it prevents soft canned fish from breaking up as a result of rough handling in transportation.

Other uses are in the manufacture of boiler-water compounds and fertilizers, the clarification of oil, the sizing of wallpaper, and the fining of coffee.

However, all the above uses are not of equal importance. For some purposes, such as in certain branches of the confectionery and pharmaceutical trades, Irish moss has been used on a comparatively small scale, more in the nature of an experiment as a substitute for other gelatinous substances. There

is, however, much scope for further development, and new uses are being found for it from time to time. It is reported, for example, that chemicals found in sea moss may prove valuable in the manufacture of munitions, and chemists of the United States War Department are carefully analysing the material.

PRICES

It is not possible to give any price information that will serve other than to afford a rough idea of the value of the product. So much depends on the type, appearance, moisture content, bleach, quantity purchased and class of buyer, that no reliance can be placed on quoted figures. During the recent summer months the price for black moss, based on quotations at United States shipping points, was approximately 11 cents to 14 cents per pound; for half-bleached moss, 14 cents to 18 cents per pound; and for fully bleached, 18 cents to 28 cents per pound. The price of storm or beach moss was roughly around 8 cents per pound. Special grades and quantities brought higher prices which, however, have little influence on the trade as a whole.

At time of writing, prices are reported to be lower than the foregoing, due in part to the greatly increased number of producers offering moss on the market this season. One importer states that he can now buy good quality fully bleached moss for as low as 16 cents in Canada, while the unbleached and semi-bleached product is correspondingly lower.

PACKING

Irish moss is generally packed for shipment in burlap-wrapped bales weighing from 150 to 250 pounds each. Due to the scarcity of burlap, other methods of packing are being tried. Cotton or jute sacking, or bags, have been used, and experiments have been made with lath and paper bales bound with wire. However packed, the bales of Irish moss should be machine pressed for ease in handling and to conserve shipping space and reduce transportation costs. A baling machine can be easily constructed to do this properly.

UNITED STATES MARKET POSSIBILITIES

During the two seasons since the fall of France there has been a marked increase in interest on the part of producers of Irish moss both in Canada and the United States. Moss has been gathered and offered for sale by many firms and individuals who normally have no connection with the trade. In Massachusetts and Maine, for example, summer tourists and college students, as well as local residents, have offered moss for sale.

Although the product is used in a number of industries in one form or another, the bulk of it is purchased by processors and, generally speaking, these are restricted in number. It is obvious that numerous offers by small-scale producers will tend to depress the market, especially when these offers are made direct to processors or ultimate consumers. From the point of view of orderly marketing in the interests of Canadian producers, it is recommended that offers be made through a few of the larger shippers with a knowledge of the Irish moss trade and of export requirements in general. There are several such firms in Canada to whom co-operatives and individual gatherers can conveniently sell their product, either in its wet state or dried and bleached. The Provincial Departments of Agriculture or Dr. A. W. H. Needler are in a position to suggest names of such firms.

It is not considered desirable for the Trade Commissioner in New York to place producers in direct contact with importers in this market unless such firms or individuals are listed as exporters by the Department of Trade and Commerce in Ottawa or are recommended by provincial government officials. Lists of commission agents and importers are available and can be supplied on request to shippers coming within this classification.

REPRESENTATION

It is considered that large Canadian shippers of Irish moss should appoint agents or brokers who would handle their output on a commission basis. It is realized, however, that some of the importers and processors operate on a very large scale and prefer to buy direct from the producers or shippers. It is not suggested that these contacts be ignored, but shippers looking to the United States market as an outlet should consider the services of a broker who has connections with users in various industries as well as with importers. The commission on the sale of Irish moss varies from 3 to 5 per cent. Shippers wishing to be put in touch with brokers should forward representative samples of their moss, together with an indication of the price, to the Canadian Trade Commissioner, 620 Fifth Ave., New York City.

FUTURE PROSPECTS

In considering the future of the Irish moss industry in Canada, it must be clearly understood that the increased demand for Canadian and American moss is due entirely to the cutting off of supplies from Europe, particularly those from the Brest and Cherbourg areas of Northern France. Before the war first-quality bleached French moss was imported and re-sold in this country for as low as 6.5 cents per pound. Considerable quantities of pulverized moss were also imported. Regardless of the rates of exchange which may prevail for currencies after the war, there seems little doubt that as soon as supplies produced in France at low cost can be offered on this market the demand for domestic or Canadian moss will be curtailed.

There may be a period of adjustment during which prices will decline to a point where Canadian producers will no longer find it profitable to produce Irish moss for sale in large quantities in this country, although still able to meet some Canadian requirements. The possibility of such a situation should be borne in mind by any producer considering the Irish moss industry from a long-term point of view. Meanwhile, however, there is a definite demand for Irish moss from Canada and, properly organized, the trade should provide producers in the Maritime Provinces with a lucrative income for the time being.

For information concerning methods of production, interested Canadian firms and individuals are referred to Dr. A. W. H. Needler, Fisheries Research Board of Canada, St. Andrews, N.B., or to the following provincial government officials: Deputy Minister, Department of Agriculture, Charlottetown, P.E.I.; Director of Marketing, Department of Agriculture, Halifax, N.S.; Deputy Minister, Department of Agriculture, Fredericton, N.B.

NEW BRAZILIAN UNIT OF CURRENCY

L. S. GLASS, CANADIAN COMMERCIAL ATTACHÉ

Rio de Janeiro, October 15, 1942.—A decree-law, signed by the President of Brazil on October 5, changes the Brazilian unit of currency from the milreis to the cruzeiro. Beginning November 1, all references to currency should be in terms of the new unit. The symbol used to express the new unit is Cr.\$.

The cruzeiro will have the same value as the milreis and will be divided into 100 centavos, a centavo being equal in value to 10 reis. To illustrate, the sum of 1:555\$500 (one conto five hundred and fifty-five milreis and five hundred reis) will become Cr.\$1,555.50 (one thousand five hundred and fifty-five cruzeiros and fifty centavos).

At current rates of exchange the United States dollar is approximately equivalent to twenty milreis (20\$000); under the new system it will be equivalent to twenty cruzeiros (Cr.\$20.00).

FOREIGN TRADE OF BRAZIL IN 1941

L. S. GLASS, CANADIAN COMMERCIAL ATTACHÉ

II. Trade with Principal Countries

TRADE WITH THE UNITED STATES

As already stated, the United States continued to be Brazil's best market and leading purchaser of her products. The total trade between the two countries increased in both tonnage and value, from 3,002,547 tons (\$241,476,014) to 3,651,140 tons (\$372,932,593). This was an increase of 648,593 tons and \$131,456,579, or over 21 per cent in volume and 54 per cent in value.

Brazilian imports from the United States showed a further increase, from 1,699,161 tons (\$130,054,591) in 1940 to 1,758,953 tons (\$168,632,593), while purchases by the United States from Brazil also increased, from 1,303,386 tons (\$111,421,423) to 1,892,187 tons (\$204,300,000).

This trade in 1940 produced a balance of \$18,633,168 favourable to the United States, while in 1941 Brazil was favoured with a trade balance of \$35,667,407.

IMPORTS

The bulk of the Brazilian imports from the United States is made up by twenty-six commodities, seventeen of which increased in both tonnage and value, six decreased in volume and value, two decreased in tonnage and increased in value, and one increased in tonnage and decreased in value.

Automobile chassis, which had already increased considerably in 1940, showed the most important advance in 1941, from 9,367 units (\$5,915,100) to 11,907 units (\$7,780,000). Other important increases occurred in refrigerators, from 1,460 tons (\$1,420,782) to 2,591 tons (\$2,530,000); iron tubes, from 24,771 tons (\$2,727,325) to 28,116 tons (\$3,822,000); barbed wire, from 5,394 tons (\$484,971) to 9,010 tons (\$938,000); accessories for motor cars, from 1,549 tons (\$1,231,839) to 1,853 tons (\$1,576,000); coal, from 8,879 tons (\$163,661) to 14,104 tons (\$397,900); and radio apparatus, from 398 tons (\$1,123,663) to 655 tons (\$1,868,000). These were the most important increases in tonnage and value of United States commodities entering Brazil in 1941 as compared with 1940.

Motor trucks and cars decreased in number of units imported, while the value increased. Imports totalled 13,167 units (\$10,510,500) as against 13,880 units (\$9,558,552) in 1940. Smaller increases in tonnage and value were also shown in imports from the United States of rubber manufactures of all kinds, including tires and inner tubes; cement, tools and instruments of all kinds; machinery for electricity and electric light; paints; sewing machines; agricultural machines; machinery n.o.p.; wheat flour; apples; and rails.

Gasoline imports decreased heavily from 105,960 tons (\$3,214,311) to 41,719 tons (\$1,255,000). This decrease was to a considerable extent due to the diversion of tankers for war purposes, but it is also a result of larger shipments entering Brazil from the Dutch West Indies. Wire, other than barbed, imports of which had increased in 1940, showed an acute decline in 1941, from 17,857 tons (\$1,575,097) to 5,349 tons (\$796,900). Kerosene shipments declined also, from 30,665 tons (\$990,406) to 23,518 tons (\$896,000). These were the most noteworthy decreases in United States sales to Brazil. Smaller decreases also occurred in silk yarn and artificial silk thread, tin plate, pears, and paper n.o.p.

EXPORTS

Twelve items made up the bulk of Brazilian exports to the United States and all of these increased considerably, whereas in 1940 five had shown decreases.

Coffee, increasing in both tonnage and value, continues to be the most important commodity exported from Brazil to the United States. Shipments amounted to 9,804,811 bags (\$97,160,000) as against 8,934,827 bags (\$63,090,961) in 1940. While the increase in volume was approximately 10 per cent, the advance in value was nearly 54 per cent. Cocoa beans, exports of which had decreased in 1940, showed an increase, taking second place among products exported to the United States. Exports amounted to 116,521 tons (\$14,460,000), whereas 80,478 tons (\$7,035,567) were shipped in 1940. Other important increases were in carnauba wax, from 7,568 tons (\$7,938,213) to 10,200 tons (\$13,350,000); raw cotton, from 5,175 tons (\$860,519) to 54,769 tons (\$9,680,000); hides and skins, from 18,002 tons (\$2,394,639) to 33,806 tons (\$5,668,000); and goat and sheep skins, from 3,531 tons (\$2,734,795) to 3,995 tons (\$3,630,000).

There were smaller increases also in raw rubber, Brazil nuts, maté, tobacco in leaf, timber and lumber, and cocoa butter.

TRADE WITH GREAT BRITAIN

The total trade between Brazil and Great Britain decreased in 1941, as compared with 1940, from 887,000 tons to 654,000 tons and from \$69,264,079 to \$59,999,773. Brazilian imports from Great Britain were reduced from 363,031 tons (\$23,676,606) to 207,359 tons (\$15,889,773), or by slightly over 42 per cent in tonnage and 32 per cent in value, while exports from Brazil to Great Britain decreased from 523,953 tons to 446,588 tons and from \$45,587,473 to \$44,110,000, or by 14 per cent in tonnage and a little more than 3 per cent in value. The balance of trade favourable to Brazil amounted to \$28,220,227 as against \$11,910,867 in 1940. This balance is somewhat smaller than that favouring Brazil in her trade with the United States, which amounted to only \$35,667,407.

IMPORTS

Of the thirty-six major commodities entering Brazil from Great Britain, only six showed increases in both tonnage and value, while two, despite decreases in volume, showed increases in value.

The most important decreases were in shipments of cotton yarn, rubber tires and inner tubes, codfish and iron and steel tubes. Cotton yarn imports were reduced from 796 tons (\$1,733,838) to 233 tons (\$747,500). Shipments of rubber tires and inner tubes declined from 718 tons (\$480,095) to 131 tons (\$92,280). Codfish purchases from Great Britain, which had already decreased in 1939 and 1940, showed a further marked decline, from 2,161 tons (\$384,539) to 353 tons (\$91,750). Imports of iron and steel tubes declined from 2,927 tons (\$377,563) to 459 tons (\$89,190). Other decreases were shown in linen piece-goods, wool piece-goods, caustic soda, newsprint and other papers, tin plates, wool yarn, coal, copper plates and sheets, wood-pulp, sewing thread, automobile chassis, motor cars and trucks, iron plates and sheets, tobacco in leaf, hoes, shovels and axes, jute yarn, ploughs and ploughing apparatus, railway cars, lead in pigs, silk yarn, belting and aluminium in bars and sheets. Spinning and weaving machinery, as well as parts therefor, decreased in tonnage but increased in value.

EXPORTS

The eleven most important commodities making up the bulk of Brazilian exports to Great Britain, with the exception of carnauba wax, showed decreases in 1941 as compared with 1940.

The heaviest decrease was in shipments of raw cotton, from 53,413 tons (\$11,575,163) to 38,016 tons (\$8,275,000). Oranges, shipments of which had already been reduced in 1940 to 767,955 boxes (\$821,597), were not among the

Brazilian products shipped to Great Britain in 1941. Raw rubber declined also, from 1,815 tons (\$718,288) to 523 tons (\$224,800). There were other marked decreases in the case of coffee, Brazil nuts, hides and skins, and cocoa beans.

Carnauba wax was the only important Brazilian commodity to show an increase, from 819 tons (\$762,556) to 1,151 tons (\$1,442,000).

TRADE WITH JAPAN

The total trade of Brazil with Japan in 1941, as compared with 1940, showed a slight increase in volume, from 111,400 tons to 112,027 tons, decreasing, however, in value from \$21,250,778 to \$19,858,494.

IMPORTS

Brazilian imports from Japan decreased from 15,634 tons (\$6,132,846) to 10,814 tons (\$5,338,494), while exports from Brazil increased somewhat in volume, from 95,766 tons to 101,213 tons, but declined in value from \$15,117,932 to \$14,520,000.

There were increases in imports of four of the twelve most important commodities entering Brazil from Japan. Silk yarn shipments increased from 104 tons (\$868,377) to 150 tons (\$1,060,750). Other increases occurred in celluloid plates and sheets, paper, and codfish.

The most important decrease was in imports of wool yarn, which declined from 723 tons (\$1,248,210) to 364 tons (\$724,000). Celluloid toys showed a further decrease, from 34 tons (\$100,433) to 9 tons (\$33,200). Bicycles recorded a marked decrease, from 46 tons (\$28,944) to 2 tons (\$1,165). Declines were shown in the shipments of cotton piece-goods, rubber toys, porcelain and certain manufactures, grinding wheels, and electric lamps.

EXPORTS

With the exception of cocoa butter, no shipments of which had been made to Japan during 1939 and 1940, while 8 tons (\$4,380) were shipped in 1941, all of the most important Brazilian commodities exported to Japan showed reductions.

Raw cotton, exports of which had already declined in 1940, again decreased, from 64,193 tons (\$12,191,820) to 53,014 tons (\$9,390,000). Those of coffee also were reduced heavily, from 41,141 bags (\$283,158) to 8,785 bags (\$68,100). Important decreases were also shown in shipments of timber and lumber, raw rubber, cocoa beans, and hides and skins.

TRADE WITH GERMANY

The total trade between Brazil and Germany in 1941 amounted to 29,263 tons (\$11,243,637) as compared with 39,176 tons (\$10,588,214) in 1940. There was, therefore, a heavy decrease in volume and a slight increase in value.

IMPORTS

Brazilian purchases from Germany increased from 4,932 tons to 5,038 tons, while the value increased from \$4,648,027 to \$6,913,637.

The bulk of this trade is made up by twenty-seven items and, with the exception of eight, all showed decreases.

The most important reduction was in paper, from \$54,317 to \$38,475; coal, from \$11,989 to nil; iron tubes and pipes, from \$21,018 to \$15,700; tin plates, from \$4,627 to nil; iron locks and padlocks, from \$4,445 to \$735; copper plates and sheets, from \$3,361 to nil; iron and steel plates and sheets, from \$3,059 to nil; iron manufactures not specified, from \$2,840 to \$12; grinding wheels,

from \$2,914 to \$634; wool yarn, from \$2,271 to nil; and rubber tires and inner tubes, from \$4,869 to \$2,385.

The greatest increases were in medicinal ampoules, from \$26,697 to \$128,700; photographic plates, films and rolls, from \$11,181 to \$36,700; hops, from nil to \$24,000; wood-pulp, from \$4,325 to \$18,400; accessories for motor cars, from \$11,861 to \$25,400; and barbed wire, from \$10,840 to \$23,230.

Other items showing increases were motor cars and trucks, hose, and shovels and axes, while sewing machines, despite a decrease in tonnage, increased in value.

EXPORTS

Exports from Brazil to Germany decreased in both volume and value, from 34,244 tons to 24,224 tons and from \$5,940,187 to \$4,330,000.

Only four of the most important Brazilian export items were shipped to Germany in 1941, three of which showed decreases. Coffee showed the most important decrease, from \$490,112 to \$1,235, while the other reductions were in raw cotton, from \$710,370 to \$405,800, and in raw rubber, from \$829,739 to \$558,200. The only increase was in shipments of hides and skins, from \$117,094 to \$1,284,000.

TRADE WITH CANADA

The trade between Brazil and Canada continued to show encouraging signs of development, increases being recorded in both Brazilian imports from Canada and Canadian purchases from Brazil. The total of the trade between the two countries in 1941 amounted to 178,785 tons (\$18,355,547) as against 153,988 tons (\$10,334,882) in 1940. This represents an increase of 24,597 tons and \$8,020,665, or 16 per cent in tonnage and more than 77 per cent in value.

Brazilian imports from Canada increased from 34,753 tons (\$4,756,753) in 1940 to 41,884 tons (\$6,629,043), while exports from Brazil to Canada increased from 119,235 tons (\$5,578,147) to 136,701 tons (\$11,726,504). The balance of trade in favour of Brazil was therefore \$5,097,658 in 1941 as against \$821,394 in 1940.

IMPORTS

Of the fifty most important products imported from Canada into Brazil, thirty-five showed increases in 1941. Sewing machines, imports of which had declined in 1940, increased considerably and were the most important import item shipped. Shipments amounted to 2,981 tons (\$2,979,000) as against 1,248 tons (\$1,270,024), more than 75 per cent of the total purchases of sewing machines by Brazil. Lead sheets, rods and bars, imports of which from Canada did not appear in the 1940 statistics, were imported to a value of \$961,931. Imports of wood-pulp again increased considerably, from 1,610 tons (\$120,573) in 1940 to 3,582 tons (\$314,300). Raw asbestos also showed an increase, from 82 tons (\$10,214) to 630 tons (\$64,642). Copper wire and cables increased from 38 tons (\$19,404) to 77 tons (\$46,200). Shipments of furs increased again, from \$15,052 to \$32,440. A considerable increase occurred in imports of woven copper products, from less than 1 ton (\$2,916) to 6 tons (\$22,612). Tanned skins and hides increased from \$2,070 to \$17,542. There were also increases in the imports of antimony for industrial use, bronze powder, insulation tape, iron stop-cocks and valves, wallboard, cranes and hoists not specified, printed books, raw tin, insulated copper wire, cyanamide of calcium, brass and other copper alloys, insulators of plastic material, malt, hoes, shovels and similar tools, tin solders, linoleum, agricultural machinery not specified, raw lumber other than pine, electric transformers and steam engines.

The greatest decrease was in imports of raw lead, from 3,352 tons (\$334,926) to 516 tons (\$41,750). Fresh fruits, which had increased substantially in 1940, showed a heavy decrease, from 1,569 tons (\$210,051) to 106 tons (\$16,426).

These shipments consisted of 105 tons of apples and 8 tons of pears. Newsprint, notwithstanding, its being the second most important Canadian product shipped to Brazil so far as value is concerned, declined in 1941 in both tonnage and value, from 23,989 tons (\$1,783,345) to 22,779 tons (\$1,669,000). Laminated and hammered copper, which had increased in 1940, decreased from 363 tons (\$104,280) to 14 tons (\$4,528). Smaller decreases occurred in iron tubes, telephone and telegraph apparatus, watt meters, iron and steel parts for machines, grinding wheels, rubber hose, belting, china and glass parts for electric installations, iron and steel parts for electric installations, hoists (winches) and pine. Most of these decreases, especially in the case of newsprint and fresh fruits, were the direct result of shipping difficulties, while wartime export restrictions were responsible in other instances.

EXPORTS

Brazilian exports to Canada in 1941 were made up of thirty-one products, ten of which accounted for the bulk of the shipments.

Raw cotton was the most important Brazilian product exported to Canada, increasing from 22,695 tons (\$3,710,351) in 1940 to 61,624 tons (\$10,910,000), representing more than 88 per cent of the total of Brazilian exports to Canada.

Coffee shipments, decreasing from 87,880 bags (\$644,157) to 52,002 bags (\$459,000), continued in second position among exports, while cottonseed oil, which fell off in value from \$606,982 to \$385,066, retained third place. Iron ore remained in fourth position decreasing, however, from \$240,403 to \$196,056, followed by edible cottonseed oil, which rose from \$23,879 to \$124,367. There were increases in rock crystal exports from \$7,509 to \$38,836 and in those of castor oil from \$193 to \$27,935. Fresh fruit shipments increased from 19,300 boxes (\$10,579) to 44,672 boxes (\$40,039). Shipments in 1940 totalled 9,500 boxes of oranges (\$10,070) and 9,800 boxes of lemons (\$508), while in 1941 they were 24,672 boxes of oranges (\$26,300), 5,000 boxes of lemons (\$6,134) and 15,000 boxes of grapefruit (\$7,605). Shipments of carnauba wax, which did not appear as an export to Canada in 1940, were valued in 1941 at \$23,310. Cotton linter exports declined from \$34,199 to \$22,003.

TRADE OF NEW ZEALAND, JANUARY TO JUNE

C. B. BIRKETT, ACTING TRADE COMMISSIONER

Auckland, September 10, 1942.—According to statistics recently issued by the New Zealand Minister of Customs, the value of New Zealand's overseas trade for the period January to June, 1942, was £67,485,000. This amount shows an increase of more than £8,000,000 over the figure for the corresponding period of 1941, and in the records for the past five years is second only to the 1940 value of £68,502,000.

The value of exports totalled £43,217,000 and that of imports amounted to £24,268,000, representing substantial increases over the figures for the corresponding period of the previous year in both cases.

Exports, imports and favourable trade balances for the first six months of each of the years 1938 to 1942 are shown in the following table:—

Summary of New Zealand's Trade

Jan.-June	Exports	Imports	Excess of Exports
1938	£37,307,000	£27,109,000	£10,198,000
1939	36,882,000	28,187,000	8,695,000
1940	44,632,000	24,870,000	19,762,000
1941	36,657,000	22,057,000	14,600,000
1942	43,217,000	24,268,000	18,949,000

The values of New Zealand's principal exports during the first six months of 1942, with comparative figures for the same period of 1941, are as follows:—

New Zealand's Exports by Principal Commodities

	January to June	
	1942	1941
Butter	£ 8,411,493	£ 9,237,579
Casein . . . . .	.....	25,563
Cheese	7,705,118	6,034,426
Honey	296	23,935
Meats, frozen—		
Beef	1,080,749	832,016
Lamb, whole carcasses	5,844,127	487,496
Mutton, whole carcasses	741,743	386,538
Pork	879,829	879,587
Potted and tinned meats	787,656	212,023
Sausage casings	550,020	442,267
Milk, dried	244,025	300,888
Peas, unprepared	159,343	143,717
Hides, skins, etc., undressed—		
Calf	60,133	50,339
Cattle	237,897	236,067
Rabbit	271,498	120,881
Sheep, with wool	117,590	93,626
Sheep, without wool	1,296,835	957,450
Wool	9,848,928	8,032,917
Seeds—		
Clover	176,290	84,359
Grass	124,845	118,744
Tallow	634,213	160,102
Totals	£43,216,974	£36,657,236

Corresponding figures for imports are as follows:—

New Zealand's Imports by Principal Commodities

	January to June	
	1942	1941
Raisins and sultanas	£ 127,977	£ 199,853
Wheat	349,491	129,041
Sugar	763,157	624,655
Tea	1,223,664	374,350
Whisky	58,741	160,993
Tobacco, unmanufactured	497	298,775
Wood-pulp and paper-pulp	12,181	67,765
Hats, caps, millinery and materials	110,197	91,039
Hosiery	215,855	23,369
Footwear	32,481	102,680
Minor articles for apparel	101,007	137,847
Floor coverings	160,217	239,321
Cotton and linen piece-goods	1,537,834	1,524,566
Jute and hessian piece-goods	131,175	118,671
Silk and artificial silk piece-goods	796,811	536,306
Sewing silks and cottons	188,651	172,649
Bags and sacks (corn)	76,074	156,951
Yarns	283,804	383,905
Oil in bulk (linseed)	89,657	110,041
Paints, colours and varnishes	109,132	171,476
Copper pipes, plate, etc.	72,980	109,555
Cordage of metal	47,150	98,372
Meters (measuring, etc.), appliances	78,532	115,749
Tools and implements	109,021	107,233
Fencing wire, plain . . . . .	.....	129,988
Other iron wire	136,808	241,281
Hardware, cutlery, and metal manufactures n.e.i.	227,475	294,551
Electrical machinery and equipment	836,406	1,007,423
Wireless apparatus	95,107	101,523
Metal, wood, glass, etc., working machines.	161,895	96,881
Raw rubber and rubber goods other than tires.. . . .	135,656	154,639
Leather	118,383	116,428
Timber, sawn	65,123	110,835
Earthenware and chinaware	136,556	108,833
Cardboard and wallboard	24,487	130,373

New Zealand's Imports by Principal Commodities—Con.

	January to June	
	1942	1941
Newsprint	£ 8,256	£ 160,973
Printing paper, other	54,780	105,304
Other paper	160,182	258,003
Surgical and dental instruments and materials	113,072	153,780
Medicinal preparations and drugs	137,219	152,599
Manures	187,004	235,269
Totals	£24,267,854	£22,056,878

In comparing the figures for the 1942 and 1941 periods, as shown above, allowance must be made for an advance in both export and import prices during the six months of the current year. It has been estimated that the average rise in prices of exports has been slightly over 5 per cent; no such estimate, however, has been issued in respect of imports.

Returns just published on New Zealand's trade for the production year ended June 30 show that exports for that period increased in value by over £8,000,000 and imports by over £5,000,000. Exports reached a value of £74,039,000, the highest yet recorded, and imports amounted to £51,378,000. Increased shipments of meat and cheese and arrivals of materials for war purposes, particularly during the latter half of 1941, together with increased prices, largely account for this favourable showing.

TRADE WITH CANADA

According to the trade returns of New Zealand, the total value of trade with Canada during the first half of 1942 was £2,877,915, being £232,674 less than for the corresponding period of 1941. The value of exports increased from £1,538,875 to £1,757,636, but imports from Canada decreased from £1,571,714 to £1,120,279, marking the lowest point reached for any six-month period during the war years. From an unfavourable balance of trade with Canada of £32,839 for the first half of 1941, New Zealand has achieved a favourable balance of over £600,000 in the 1942 period. This cannot be regarded as an accurate indication of what the position will be at December 31, owing to the fact that New Zealand's greatest export movement is during the early months of the year and to the irregularity of shipping schedules.

IMPORTS

The items contributing largely to the drop in import values, in order of importance, were newsprint, iron wire, gumboots cardboard and wallboard, paper for manufacture, copper pipes, fencing wire, cordage of metal, general hardware, and wood-pulp. Imports of all these were reduced in value by over £20,000 from the previous year's figures.

Values of principal imports from Canada during the January-June period of 1942, with comparative figures for the corresponding period of 1941, are as follows:

Principal New Zealand Imports from Canada

	Jan.-June, 1942	Jan.-June, 1941
Totals	£1,120,279	£1,571,714
Fish, tinned	6,020	1,540
Maizena and cornflour	6,739	2,339
Wood-pulp and paper-pulp . . . . .	.....	20,478
Hats, caps and millinery	10,104	10,373
Gumboots	10,434	77,540
Cotton and linen, woven	30,049	6,951

	Jan.-June, 1942	Jan.-June, 1941
Brass in bars and rods	£ 432	£ 15,634
Bolts and nuts	7,412	3,444
Copper plate and sheet	11,474	27,193
Cordage of metal	6,774	29,054
Pins and needles	6,482	6,356
Copper tubing	5,721	20,364
Artificers' tools	24,584	18,355
Wire fencing . . . . .	.....	22,477
Iron wire, other than fencing	7,800	101,091
Agricultural machinery	10,956	6,699
Calculating machines and cash registers	426	2,688
Electric motors	19,993	10,860
Electric apparatus	49,084	49,035
Sparking plugs	219	16,089
Insulators and fittings	285	6,563
Rubber belts and belting	10,934	23,686
Rubber hose, tubing and piping	2,769	3,144
Douglas fir, rough sawn	276	8,413
Veneers and plywood	9,321	3,176
Cardboard and wallboard	3,590	34,223
Newsprint	8,140	160,960
Printing paper	24,744	14,256
Vegetable parchment	4,597	7,359
Wrapping paper	428	14,368
Paper, other kinds, in large sizes	2,751	8,949
Surgeons', etc., appliances	8,024	11,835
Calcium carbide	7,692	13,358
Cream of tartar substitute	21,026	37,130
Disinfectants and weed-killers . . . . .	.....	9,685

EXPORTS

New Zealand exports to Canada during the period under review were valued at £1,757,636, an increase of £218,761 over the figure recorded for the first half of 1941. Larger shipments of greasy wool and of sheepskins with wool contributed mainly to the higher value, despite substantial decreases in exports of scoured wool, sausage casings, hides, butter, and casein.

The following table shows the values of principal items exported to Canada during the first six months' period of 1942, with comparative figures for the same period of 1941:—

Principal New Zealand Exports to Canada

	Jan.-June, 1942	Jan.-June, 1941
Totals	£1,757,636	£1,538,875
Butter	1,053	18,356
Casein . . . . .	.....	12,677
Cheese . . . . .	.....	4,675
Gelatine . . . . .	.....	3,600
Beef, frozen	7,229	8,487
Lamb and mutton, frozen	14,603	36,491
Sausage casings	127,696	169,413
Food for animals, n.e.i. . . . .	.....	1,203
Peas, unprepared . . . . .	.....	3,729
Infants' and invalids' foods	125	183
Onions . . . . .	.....	460
Calfskins	4,701	798
Cattle hides	22,225	53,261
Rabbit skins	2,280	.....
Sheepskins with wool	98,104	52,519
Sheepskins without wool	9,763	3,018
Wool—		
Greasy	1,155,276	799,432
Scoured	98,051	148,239
Slips	185,075	188,181
Tallow	8,533	3,464
Kauri gum	7,171	11,066
Manures, other kinds	2,083	3,554

INDIAN WHEAT CROP, 1941-42

PAUL SYKES, CANADIAN TRADE COMMISSIONER

(One rupee is approximately equal to \$0.335 Canadian)

Bombay, August 28, 1942.—The Indian Government has recently issued a final statement on the 1941-42 wheat crop, which was harvested a few months ago. As compared with the 1940-41 crop, the area sown decreased from 34,849,000 acres to 33,079,000 acres, but the total yield increased from 10,027,000 tons to 10,070,000 tons. The average yield per acre showed an improvement from 645 to 664 pounds.

The usual forecasts prepared by the Indian Government on the country's wheat crop take no account of production in Madras Province, Kashmir, Benares State, and several states in the Punjab. It is estimated that the combined annual output of these areas is some 221,000 tons and that the area sown to wheat is approximately 747,000 acres.

As noted in previous reports under similar headings, the bulk of India's wheat crop originates in the Punjab and the United Provinces. Wheat-growing areas of secondary importance include Bihar, the Central Provinces, Sind, Bombay, Rajputana, Gwalior, the Central Indian States, and the North-west Frontier Province.

FOREIGN TRADE IN WHEAT

India's imports of wheat have shown considerable reductions from the levels recorded several years ago. During the fiscal year 1938-39 this trade amounted to 159,000 tons valued at Rs.11,680,186; by the end of 1941-42 it had declined to some 18,000 tons of a value of Rs.2,508,315. On the export side the 1938-39 value of Rs.24,842,339 fell off to insignificant levels in 1939-40 and 1940-41 but recovered to Rs.24,161,939 in the year ended March, 1942. A large part of these recent exports are reported to have been destined for the Middle East, including Iraq and Iran.

TRADE OF NYASALAND IN 1941

The following information on Canada's imports from the Nyasaland Protectorate in 1941 was omitted from a report on the foreign trade of that country, prepared by Mr. H. L. Brown, Acting Trade Commissioner at Johannesburg, and published in *Commercial Intelligence Journal* No. 2020 (October 17, 1942):

Imports from Canada into Nyasaland in 1941 made up 2.8 per cent of the total imports as compared with 1 per cent in 1940. The value of the goods imported from Canada was £26,952, and some of the items were: flour, £247; canned meat, fish, fruit and jam, £49; other foodstuffs, £197; timber, £1,099; nails, screws, etc., £444; iron and steel, n.o.p., £266; electrical and industrial goods, £356; box shooks, £16,590; clothing, £348; paper, £1,232; automobiles and parts, £4,399; other vehicles (not bicycles), £1,411; tires and tubes, £24; lamps and lanterns, £125.

CHILEAN NATIONAL FOREIGN TRADE COUNCIL

Mr. M. J. Vechsler, Canadian Trade Commissioner at Santiago, advises under date October 15, 1942, of the issuance of a decree by the Chilean Government whereby the International Exchange Control Commission, the Export Control Service, the Import Licensing Commission, and the National Board of Supply are incorporated into one body to be known henceforth as The National Foreign Trade Council, which will carry on the functions of these four bodies.

It will also have charge of licensing and the granting of permits and give attention to the requirements as to the quality of goods for export, which are under the jurisdiction of the Ministry of Economy and Commerce, and those of equal importance which are under the Agricultural Export Board.

Included in its activities are those attendant upon export prohibitions for certain products which are agreed to by the Institute of Agricultural Economy.

ECONOMIC CONDITIONS IN PANAMA

H. W. BRIGHTON, CANADIAN TRADE COMMISSIONER

Panama, September 28, 1942.—During the first three months of 1942 the Republic of Panama purchased 80 per cent of its total imports from the United States, valued at \$6,000,000. Like other countries in Central and South America, Panama is forced to purchase the bulk of its requirements in the Western Hemisphere, whereas prior to the outbreak of war much of the merchandise originated in Europe and Asia.

General business activity in the Republic has been maintained at a high level, and this situation will continue, due to the expansion of the population of civilian and military personnel in the Canal Zone, as long as supplies can be obtained. As a result of shipping difficulties and the curtailment of supplies, particularly from the United States, there is an apparent scarcity of both durable and non-durable goods. With a view to conserving supplies, a decree was issued on April 17 prohibiting the re-exportation from Panama of items such as foods, iron and steel, kerosene, drugs, tires, and barbed wire except under a special permit. This decree does not apply to goods going to the Canal Zone or to ships as provisions.

PRICE CONTROL

The scarcity of many items offered an opportunity for those who had stocks on hand to increase prices. This resulted in a rapid rise in the cost of living, which was already high, when price ceilings on foodstuffs were fixed by a Price Control Commission but never enforced. This Price Control Commission was abolished, and a new body called the Price Control Bureau, established in August, has re-established certain price ceilings, but the results of this measure are not yet apparent.

The high prices demanded by retailers not only applied to imported foodstuffs, for which there was some justification, but equally to locally produced food products. To meet this situation, the Price Control Bureau a few days ago issued regulations, which become effective October 1, to curb the wholesale buying of foodstuffs and thus restrict the activities of middlemen who have been intercepting producers and buying all their products, to re-sell later at a handsome profit.

As stated above, the newly created Price Control Bureau on September 21 established price ceilings on certain foodstuffs. Many of the prices are fixed at 50 per cent below those now in effect, illustrating the height to which prices have risen. Price ceilings established for some products are, in cents per pound, as follows: rice, 10; sugar, 10; onions, 15; beans, 15; live poultry, 65; eggs, 80; tomatoes, imported seed, 20; lard, cooking, 35; butter, 55; potatoes, 10; macaroni, domestic, 12½; cabbage, 17½; carrots, 15; tenderloin, 45; liver, 40; sirloin steak, 30; round steak, 30; rib roast, 22½.

SHORTAGES OF SUPPLIES

At present Panama is suffering from an acute shortage of flour, and bakeries are forced to suspend operations or greatly reduce their output. This is attributed to shipping difficulties, as importers state that they have heavy consignments in United States ports and frequently these have to be taken from one port to another to find a carrier. It is difficult to keep flour in good condition in Panama, as it quickly gets mouldy, and importers naturally desire small and frequent shipments which, under current shipping conditions, is impossible.

The Republic of Panama is in a difficult situation, as it is so dependent on imports, and it is almost impossible to estimate accurately the requirements of the people. This is brought about by the infiltration of the residents, civilian and armed forces from the Canal Zone. All those employed in that area are entitled to purchase their requirements in the Zone Commissaries and, because all prices quoted there are cheaper than in the Republic, those entitled to the privilege naturally buy everything they can. However, the Commissaries, like

the stores in the Republic, have recently run out of products, and the Canal Zone residents then turn to Panama or Colon. While this applies chiefly to locally produced foodstuffs, it also extends to numerous other items. From the viewpoint of general requirements, under present circumstances, when the whole Republic of Panama is virtually one defence area, the needs of the Canal Zone and the Republic must be considered jointly from a priority standpoint.

In July last it was estimated that 40,000 Panamanians were employed on projects in the Canal Zone, illustrating the extent to which the national economy of the Republic is bound up with the Zone. For several years now the Republic has experienced a financial boom probably not equalled in any other part of the world, but it has unbalanced the internal economy. The cities of Panama and Colon are overcrowded. There is a housing shortage and, as mentioned previously, foods are sometimes difficult to obtain. The cost of living is high and the hospitals are filled. This is due to too many people having migrated from the interior of the Republic and neighbouring countries to the cities, being attracted by the high wages offered in the Canal Zone. When new construction work begins to slacken off in the Canal Zone, the Republic will be faced with a fairly serious problem.

This is recognized by the Government, which is vigorously encouraging greater agricultural production to provide employment as well as in an effort to reduce imports of foodstuffs.

TRANSPORTATION PROBLEM

The war has struck a severe blow at Panama's transportation system, which consisted largely of trucks and automobiles. The shortage of tires, tubes and spare parts and, as from October 1, the rationing of gasoline, will necessitate many adjustments and cause some inconvenience.

Construction work in the Republic of Panama is virtually at a standstill because of the difficulty of obtaining materials for private residences and office buildings. Much work would in all probability be undertaken if supplies were available. Until the world conflict ends, only certain types of construction which are agreed upon between the Governments of the United States and the Republic will be proceeded with. This is work which would be considered of importance in national defence, such as the construction of roads, bridges and the maintenance of existing roads.

NEW SOURCES OF REVENUE

Due to wartime conditions which have caused a falling-off in customs and export revenues and a consequent decrease in national revenue, the Government has been forced to seek new sources of funds to compensate for these losses. One means of adding to the present national income is to increase the taxes on liquor and saloons. From October 1, saloons in Panama and Colon will pay \$175 monthly; in other centres the rate will be based on the population, ranging downwards to a minimum of \$15 per month. The new tax on each litre of rectified alcohol, whisky, gin or other basic distilled matter used for the manufacture of liquors, will be one and a half cents per degree of alcohol content. Imported hard liquors, such as whisky, cognac and gin, will be assessed \$1.60 per litre as compared with the present tax of \$1.10.

EXPORTS REDUCED

Due to the scarcity and uncertainty of shipping, exports from Panama have been seriously disorganized, with consequent loss to the Republic. For the first quarter of 1941, cocoa exports from Panama amounted to 433,734 kilograms (of 2.2 pounds) as compared with 137,430 kilograms during the corresponding period in 1942. Panama's banana exports have been similarly affected. During the first quarter of 1941 Panama exported 2,022,359 stems valued at \$1,229,842 as compared with 675,511 stems valued at \$525,246 for the corresponding period in 1942. However, efforts are being made to keep the plantations in bearing order, so that the fruit will be available when conditions improve.

TRADING WITH THE ENEMY

CANADIAN LIST OF SPECIFIED PERSONS

Inquiries received from time to time by the Department of Trade and Commerce indicate that Canadian exporters still do not understand clearly the composition and object of the Canadian List of Specified Persons established under the authority of the Consolidated Regulations Respecting Trading with the Enemy (1939).

The List of Specified Persons is a published list of firms and persons in neutral countries with whom intercourse or transactions of a commercial, financial, or any other nature without official permission constitutes the offence of trading with the enemy.

The List forms an integral part of the machinery designed to prevent enemy countries from obtaining any economic or financial assistance from British Empire or neutral countries. It consists principally of concerns controlled directly or indirectly from enemy territory (including enemy-occupied territory and certain other territories proscribed under the Trading with the Enemy Regulations), and of firms or individuals who have persistently evaded, or tried to evade, the contraband or enemy export controls. Persons controlled from enemy territory are enemies within the meaning of the Trading with the Enemy Regulations, whether or not they are included in the List of Specified Persons.

Additions to the List are made only after careful investigation in order that unnecessary damage to neutral or British Empire interests may be prevented. The Custodian of Enemy Property, Department of the Secretary of State, Ottawa, is always willing to consider representations from importers and exporters and other interested parties and to reply to inquiries on questions, such as the completion of unfinished transactions with persons placed on the List of Specified Persons. The Office of the Custodian is also prepared to advise, in cases where doubt is felt as to the legality or desirability, from the point of view of trading with the enemy, of dealings with persons not on the List of Specified Persons.

Enemy subjects who are not in enemy territory are not necessarily enemies within the meaning of the Trading with the Enemy Regulations, and it is not intended to specify persons in neutral countries as enemies merely because they are enemy subjects. Many subjects of enemy countries carry on business in neutral countries without assisting these countries, and in some cases are of assistance in the promotion of Canadian trade.

Nevertheless, enemy subjects, wherever they may be carrying on business, should be regarded with suspicion, and Canadian traders who employ enemy subjects as agents in neutral countries would be well advised to consider displacing them either by British agents or by nationals of the country concerned. Firms who experience difficulty in obtaining suitable alternative agents should consult the Department of Trade and Commerce, Ottawa, or the appropriate Canadian Government Trade Commissioners.

Copies of the Consolidated List of Specified Persons are obtainable from the Distribution Branch, Government Printing Bureau, Ottawa. The price is 25 cents each for single copies, with a reduction for purchases of 100 copies or more. The list contains the names of more than 9,000 persons, principally in Europe, Latin America, Japan and China. It is subject to revision from time to time, and additions, amendments and deletions which are found necessary are published in the *Canada Gazette*. Canadian firms that have extensive dealings with persons in neutral countries are strongly advised to obtain copies of the consolidated list and at the same time to arrange to receive revisions as published.

CONTROL OF EXPORTS FROM CANADA

ADDITIONS TO LIST OF PRODUCTS AFFECTED

By Order in Council P.C. 9699, effective November 2, 1942, birch and maple logs, included in Group 4 (Wood, Wood Products and Paper), are added to the list of products the exportation of which is prohibited except under permit from the Export Permit Branch, Department of Trade and Commerce, Ottawa.

By Export Permit Branch Order No. 49, also effective November 2, 1942, the foregoing commodities (birch and maple logs) are exempted from requiring an export permit when shipped to any part of the British Empire, and newsprint is exempted from requiring an export permit when shipped to any part of the Western Hemisphere, except to French colonies or possessions in the Western Hemisphere.

Newsprint is included in the item "paper other than waste, paper boards, fibre boards, paper and board manufactures" under Group 4, which products are all exempted from requiring an export permit when shipped to any part of the British Empire; this exemption for newsprint shipped to the Western Hemisphere does not affect any of the other products included in the item nor the previous exemption for these products, including newsprint, when shipped to any part of the British Empire.

By Export Permit Branch Order No. 50, effective November 9, 1942, sawed or hewn timber, boards, planks and scantlings of cedar, Douglas fir, hemlock, spruce, white pine, and softwoods n.o.p., included in Group 4 (Wood, Wood Products, and Paper) are exempted from requiring an export permit only when shipped to any part of the British Empire.

This Order does not affect cedar logs or white pine logs, which are still exempt from requiring an export permit when shipped either to any part of the British Empire or to the United States.

British Columbia exporters of lumber should address applications for export permits to the United States to D. D. Rosenberry, Deputy Timber Controller, Marine Building, Vancouver; while exporters in the Maritimes should apply for export permits to the United States to W. R. Fiske, Assistant Timber Controller, Box 303, Saint John, N.B. All other applications for export permits should be forwarded to the Export Permit Branch, Department of Trade and Commerce, Ottawa.

TARIFF CHANGES AND TRADE REGULATIONS

United Kingdom

REGULATIONS ON GIFT PARCELS

With the approach of Christmas the Department of Trade and Commerce is receiving many inquiries about regulations governing gift parcels sent by Canadians to friends in the United Kingdom. Due to wartime conditions of shipping and the exchange situation, nearly all classes of merchandise imported into the United Kingdom are subject to import licence, but from time to time certain modifications of the licensing control have been made in respect of bona fide gifts.

Hon. James A. MacKinnon, Minister of Trade and Commerce, announces that confirmation has been obtained through the Canadian Trade Commissioner in London that importation of gifts intended for United Kingdom citizens (civilians or soldiers) is still subject to regulations issued by the British authorities in May, 1941. These regulations permit receipt from abroad of bona fide unsolicited gifts addressed to individuals, whether rationed goods or not, provided they are sent by post at infrequent intervals in a single parcel weighing not more than five pounds (including packing) nor containing more than two pounds of any one food. It has been ruled that the permission to send gifts only at infrequent intervals means not more than one parcel in a

calendar month. Parcels must be clearly marked as gifts. No import licence is required in such cases. Parcels not complying with these regulations are liable to seizure. Ration coupons are not required to be surrendered by the recipient of gifts of rationed goods conforming with the prescribed conditions.

Waiving of import licences for gifts does not exempt them from duty, if the goods are of a class subject to duty. Most goods, however, when shown to be of Canadian origin, enter duty free under imperial preference. Articles subject to duty, even when Canadian products, are notably goods containing silk or artificial silk in any form, clocks and watches, playing cards, mechanical lighters, musical instruments, tobacco, cigars, cigarettes, tea, coffee, cocoa, sugar, spirituous beverages, and goods containing sugar, cocoa, or spirits (such as jams, chocolate confectionery, or alcoholic perfumery). There are circumstances under which gifts from abroad are held to be liable to United Kingdom Purchase Tax, but in practice exemption is accorded in the case of small gifts of a strictly personal nature valued at not more than 10 shillings. The Purchase Tax when levied is $16\frac{2}{3}\%$, $33\frac{1}{3}\%$, or $66\frac{2}{3}\%$ per cent of the value, the rate depending on the class of goods. Among articles subject to the highest rate are jewellery, furs, silk and artificial silk goods, leather bags or purses, cameras, perfumery, cosmetics, and toilet requisites.

Aside from privileges accorded gifts sent to individuals, arrangements, as announced on April 28, 1942, for permitting import of larger or bulk gifts of foodstuffs, rationed or unrationed, for free distribution in the United Kingdom continue in effect. These bulk shipments must be addressed to the Overseas Gifts (Food) Allocations Centre, Ministry of Food, Portman Court, Portman Square, London, W.1. Donors abroad wishing their gifts to be earmarked for a specific organization or purpose may indicate their wishes to the Allocations Centre. No import duties are charged. As regards gifts of non-foodstuffs (other than tobaccos, alcoholic liquors and playing cards) intended for free distribution, similar exemptions from the requirement of individual import licences and from customs duties are accorded to certain organizations and individuals in the United Kingdom.

Under a special concession, gifts to members of the Canadian fighting forces in the United Kingdom are accorded exemption from import duty, from import licensing, and from the five-pound weight limitation. Gifts of unrationed foodstuffs (rationed foodstuffs are limited to two pounds of any one article per shipment) in excess of parcel-post quantities could not be sent to an individual but may be sent to a unit addressed to the Officer Commanding.

Auxiliary Service Organizations through whom the services on behalf of the welfare of the Canadian Armed Forces are maintained are the Canadian Legion, Salvation Army, Y.M.C.A., and the Knights of Columbus. Bulk gifts for distribution among the Overseas Forces may be sent to the Assistant Director Auxiliary Services, Canadian Military Headquarters, 17 Cockspur Street, London, S.W.1, England, for subsequent equitable distribution through these organizations.

Gifts to Canadian citizens who have enlisted into the United Kingdom Forces (not R.C.A.F. personnel serving with the R.A.F., whose gifts are addressed direct to unit % R.C.A.F. Overseas) are to be addressed with the usual number, name, rank and unit, % Canadian Auxiliary Services, 6 Dilke Street, Chelsea, London, S.W.3, England.

Canadian military regulations limit to 1,000 per month the number of gift cigarettes which may be received through the mail by an individual Canadian soldier. Bulk cigarette shipments, % Assistant Director Auxiliary Services, for general distribution to the troops, are not limited.

While Canadian regulations prohibit export from Canada of various classes of goods except under permit from the Export Permit Branch, Department of Trade and Commerce, Ottawa, a general exemption from this requirement allows shipments valued at \$5 or less of restricted goods, other than rubber and rubber products, tea, sugar, and glucose, to be made without individual export licence.

Australia

ADDITIONAL ARTICLES UNDER "ADMINISTRATIVE" LICENSING

Circulars issued by the Division of Import Procurement announce several changes in Australian import licensing regulations.

A former announcement (*Commercial Intelligence Journal* No. 2012: August 22, 1942, page 196) that hemlock and spruce timber in sizes less than $7\frac{1}{2}$ inches by $2\frac{1}{2}$ inches, from non-sterling countries, had been placed under "administration", was cancelled on September 12. Such timber remains in the "no licence" category.

Electric torches and torch cases, of both sterling and non-sterling origin, are placed under "administration", i.e. each application for a licence to import such articles is to be considered separately on its merits. Formerly torches and cases of sterling origin were not under licence, and those of non-sterling origin were admissible up to a fixed quota of 25 per cent of such imports in the base year.

Borax and boracic acid are now being dealt with on an administrative basis, as are also specified motor mechanisms and record-changing devices for use in gramophones and radio-gramophone combination sets.

Fountain pens, and pen nibs of steel or other metal (but not including gold fountain-pen nibs) when of sterling origin, are admissible without quota restriction. Such arteles from non-sterling sources are in the "no licence" category.

Barbados

WHISKY, GIN, BRANDY AND MALT LIQUORS UNDER QUOTA

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, reports that the importation into Barbados of whisky, gin, brandy, beer, ale, stout and porter, which was prohibited from all sources except other British West Indian Colonies by an Order of August 30, 1941, is, with effect from October 15, 1942, to be permitted on the basis of 50 per cent of imports from each source over the three years 1936 to 1938.

Egypt

ADDITIONAL ARTICLES PROHIBITED IMPORTATION

Mr. Richard Grew, Canadian Trade Commissioner at Cairo, writes under date of September 30, 1942, that the following have been added to the list of commodities for which import licences will be refused: cigarettes; cheese of all kinds; essences for syrups and mineral waters (except from Palestine); matches; silk hosiery; wax and inks. A report on Egyptian import control regulations, including a list of goods previously prohibited importation, was published in *Commercial Intelligence Journal* No. 2011 (August 15, 1942), page 170.

Chile

REGULATION OF THE EXPORT OF LIVE ANIMALS AND ANIMAL PRODUCTS

Mr. M. J. Vechsler, Canadian Trade Commissioner at Santiago, advises under date October 15, 1942, that a decree-law was issued under date August 31, 1942, under which the exportation of live animals, products, by-products, and offal of animal origin will henceforth be permitted only when such exports have been granted a certificate of health by the Health Branch of the Chilean Department of Agriculture.

All export shipments of the foregoing items must be inspected at port of shipment or on the premises of the exporter by Chilean Health Officials, and a certificate is to be granted only when the products fulfil the requirements of the importing country.

EXCHANGE CONDITIONS IN BRAZIL

L. S. GLASS, CANADIAN COMMERCIAL ATTACHÉ

Rio de Janeiro, October 15, 1942.—There have been no changes during the past three months in Brazilian regulations governing the use of foreign exchange. Brazilian balances in New York are more than adequate to cover all commercial requirements, and exchange is obtainable without difficulty or delay to pay for imported goods.

Exchange is also being made available in limited quantities for the payment of dividends and other financial requirements. Prospects for the immediate future are excellent, as Brazilian dollar balances are increasing steadily. Exports, particularly to the United States, have been well maintained and are substantially in excess of imports, the latter being adversely affected by the shipping situation and the heavy requirements of North American war industries, while exports of Brazilian products have been stimulated by recent agreements with the United States for the disposal of Brazilian surpluses.

The change over from the milreis to the cruzeiro, the new unit of currency (see report on page 413), will have no effect on the exchange situation except to simplify calculations.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING NOV. 2, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, November 2, 1942, and for the week ending Monday, October 26, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Oct. 26	Nominal Quotations in Montreal Week ending Nov. 2	Official Bank Rate
Great Britain.	Pound	4.8666			
	Buying		\$4.4300	\$4.4300	2
	Selling		4.4700	4.4700	—
United States.	Dollar	1.0000			
	Buying		1.1000	1.1000	1
	Selling		1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
	Bid		4.4200	4.4200	—
	Offer		4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
	Official		.3304	.3304	3½
	Free		.2641	.2637	—
Brazil.	Milreis (Paper)	.1196			
	Official		.0673	.0673	—
	Free		.0572	.0573	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
	Official		.0574	.0574	3-4½
	Export		.0444	.0444	—
Colombia.	Peso	.9733	.6328	.6328	4
Venezuela	Bolivar	.1930			
	Official		.3313	.3313	—
	Free		.3330	.3330	—
Uruguay.	Peso	1.0342			
	Controlled		.7307	.7307	—
	Uncontrolled		.5852	.5853	—
South Africa.	Pound	4.8666			
	Bid		4.3862	4.3862	3
	Offer		4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
	Bid		4.5380	4.5380	—
	Offer		4.5906	4.5906	—
India.	Ruppee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
	Bid		3.5300	3.5300	3
	Offer		3.5760	3.5760	—
New Zealand.	Pound	4.8666			
	Bid		3.5440	3.5440	1½
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MARKET FOR CHRISTMAS TREES IN THE UNITED STATES

C. H. WEST, ASSISTANT TRADE COMMISSIONER

New York, October 30, 1942.—The annual trade in Christmas trees in the United States is of substantial proportions. Most of the imports are from Canada, although in 1938 a small number was obtained from Newfoundland. Because of wartime regulations, statistics of imports for the last several years are not available for publication, but in 1939 the number imported was 4,643,961 valued at \$536,692, all from Canada. Last year the volume of trade reached an all-time high level, more trees being delivered than the market could properly absorb, so that in New York alone sixty-two cars had to be dumped.

TYPES IN DEMAND

Balsam is in greatest demand in the East, primarily because of its attractive pyramidal shape and the fact that it retains its needles longer than spruce. In addition it can be bundled more tightly for shipment without injury to the branches. Spruce has a more limited sale and brings a lower price, as the tendency for the needles to drop adversely affects the demand for this species.

In Buffalo and Detroit and other cities bordering Ontario there is a good demand for Scotch pine, which is grown in considerable number in Western Ontario for the Christmas trade.

For some years Douglas fir from British Columbia has also been increasingly favoured in the United States market.

The trees should be sawn straight across at the butts and bundled for shipment, the number of trees in each bundle depending on their sizes. The favourite height is around seven feet, and a bundle would contain upwards of six or seven trees. There is also a limited demand for larger trees, measuring up to fifteen feet, for placing on lawns in front of houses. These generally are decorated with coloured lights which are illuminated at night but, because of

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blackout regulations now in effect in many cities, it is probable that the sale of this size will be restricted this year.

Another development in recent years is the use of so-called "table" trees measuring from one to two feet high. These are tied about ten to a bundle or, if supplied by nurseries, they come in boxes containing from twenty-four to forty-eight trees, sometimes with the stands or bases already affixed. Table trees are usually sold across the counter in chain stores and other similar outlets.

METHODS OF SHIPMENT

From Canada most of the shipments arrive by rail, although at border points, such as Buffalo, considerable quantities of Canadian trees are trucked across the line. Some shippers by rail prefer box cars, because this affords better protection for the trees from soot and dust; other dealers state that the trees can be more closely packed on flat cars without injury to the branches.

The question has been raised as to the availability of cars for loading Christmas trees during the coming season. It is impossible to state what the situation will be at that time, but the matter has been under consideration by the railway companies, and present indications are they will be able to meet the demands of the trade. This year the railways have been instructed not to supply open-top cars for transporting Christmas trees, and therefore box cars will have to be used. However, it is not expected that the resultant demand for box cars will cause a shortage to the extent that the normal movement of trees will be restricted.

FREIGHT RATES

It is difficult, and to some extent misleading, to attempt to quote freight rates on Christmas trees shipped from Canada by rail. Each freight movement should be individually checked, as some trees originate at points on small outlying lines from which there is frequently an arbitrary rate, or one additional to the through rate to New York. Likewise there are a number of yards in greater New York where trees are delivered, and to some of these the rate is higher than to others.

In any event, the following are indicative of the freight charges from representative Canadian points to New York City: Morin Heights, P.Q. (64 miles north of Montreal), 55 cents per 100 pounds; Chester and Chester Basin, N.S., 87 cents; Moncton, N.B., 76 cents.

The carload minimum at present is 24,000 pounds, subject to the regulation establishing a graduated scale of loading for larger cars. However, a recent order of the Canadian Transport Controller, effective November 30 and applicable to shipments entering this country, requires that cars be loaded to their maximum capacity within the terms defined by the order.

Dealers ordinarily make their own arrangements for unloading trees. No demurrage is charged for 48 hours following the arrival of shipments in New York; for the next two days there is a charge of \$2.20 per day for each car, and after that the rate goes up to \$5.50 per day or part thereof. Time is computed from 7.00 a.m. following the arrival of the shipment, and no charge is made for Sundays and holidays.

DUTY

The duty on Christmas trees imported into this country from Canada is 5 per cent ad valorem.

MARKET PRICES

It has been observed, and is generally recognized in the trade, that the Christmas tree market operates in cycles—a good year is generally followed by one that is not so favourable. This is mostly attributable to the fact that a season of good prices encourages speculators to enter the market the following year, resulting in an over-supply of trees and unprofitable conditions.

A review of prices during the past several seasons will serve to illustrate the foregoing statement. The 1939 season in New York opened at the beginning of December with a few sales of Nova Scotia balsam at \$3 to \$3.25 per bundle, other prices being as low as \$1.75. By December 19 Nova Scotia trees had slumped to \$1.75, and three days before Christmas 50 cents per bundle and even less was quoted.

In contrast, 1940 was a successful year, and during the last few days before Christmas the prices of trees from the Maritimes varied from \$3 to \$4.50 per bundle, while those from Quebec brought \$2 to \$2.50.

Last year, as already mentioned, was another unfavourable season. There were a few sales at the beginning of December at \$2.50 to \$2.75 per bundle, and these prices were fairly well maintained until the middle of the month. From that date, however, the market became weaker, and three days before Christmas, which occurred on a Thursday, trees were selling as low as 50 cents per bundle.

METHODS OF SALE

Consignment shipments are still quite common, and a number of responsible distributors handle trees only on this basis. Furthermore, it is realized that it is not always possible to find buyers who will purchase for cash before shipment. Nevertheless, because of the uncertainties of the market, mentioned above, this office advocates that shippers sell only at a fixed price, either for the standing trees or under contract for bundled trees loaded on the cars. In any case it seems prudent that the shipper should require the consignee to advance the cost of freight and the duty, so that the former will not be out of pocket for these expenses at least.

A considerable proportion of the business in Christmas trees is done by a few large operators who send representatives to Canada each season to purchase standing trees and make their own arrangements for shipment. In some cases they hire their own cutters or, on the other hand, they may contract with a local jobber who is paid for delivery of the trees at the railhead or on the cars. Obviously the arrangements may be varied, and the principal concern of these larger dealers is that they may be in a position to supervise the selection and grading of their trees.

Under a recent decision of the Office of Price Administration in Washington, Christmas trees are exempt from price regulation, that is, no price ceiling has been placed on this commodity.

GOLD MINING IN SOUTH AFRICA

H. L. BROWN, ACTING TRADE COMMISSIONER

I. History and Development

Johannesburg, October 15, 1942.—A number of countries find their principal source of income and prosperity in one product; it is not always fully realized that this generalization applies to the economy of the Union of South Africa. A responsible authority has stated that from 50 to 60 per cent of the economic activities of the Union are dependent upon the production of gold. Consequently the various wartime restrictions on trade have brought something of a threat to the continuation of the present scale of gold mining in South Africa, partly by increasing difficulties in obtaining necessary supplies and partly by giving rise to growing criticism as to the actual utility of producing gold under prevailing conditions. It is therefore timely to review the development and present position of gold mining in South Africa. This report is a compendium of South African opinion and fact; free use has been made of excerpts and paraphrases from

various reports and commentaries that have been published in the Union during the past year or so.

DEVELOPMENT OF SOUTH AFRICAN GOLD MINING*

The Witwatersrand gold field was discovered in 1884-5 and production began in 1887. In years prior to the outbreak of the South African war there were several major practical advances in metallurgy and mining. The commercial application of the cyanide process, towards the end of 1890, brought about a revolutionary improvement in extraction and proved that the pyrites bogey could be eliminated. By 1893 the treatment of tailings and concentrates by cyanidation had been adopted generally. In 1894 the introduction of the decantation process of slime treatment provided an economic method for the treatment of the unleachable portion of the tailing, amounting to about 30 per cent by weight. The opening of the first decantation plant in 1896 marked a very important advance in the development of Rand metallurgy by permitting of the complete treatment of the whole of the ore for the first time. By 1898 South Africa had become the world's greatest gold producer.

Progress was manifested in numerous directions during the years between the conclusion of the South African war and the outbreak of the first Great War. In 1904 a fairly extensive diamond-drilling program resulted in a more exact location of the reefs in both the eastern and western extensions of the Rand. The policy of group control, which was developed from 1908 onwards, proved beneficial to the practical, administrative and financial operations concerned and was reflected in decreased working costs, increased scale of operations and greater employment of white labour, while at the same time the dividend-paying capacity of the companies was improved.

By 1907 the need for a light portable stope machine drill was becoming increasingly apparent, and experiments with the object of producing such a machine resulted in a decided improvement in the types of small drills that found a market in the fields. Between 1908 and 1912 the number of machine drills in use, principally of the reciprocating type, increased from 2,425 to 5,530. The introduction of detachable bits was followed by extensive trials which, as far as they went, showed promising results. A drill-sharpening machine, which made its appearance in 1912, was successful in operation and brought improved drilling efficiency.

In the treatment field a very far-reaching advance was made by the introduction in 1904 of tube mills for finer grinding as an accessory to the stamp mill, while various experiments were conducted with the object of lowering the cost of slime treatment. The introduction of zinc-dust precipitation in 1911 gave a more immediate clean-up and better supervision of gold, in addition to effecting a saving in the quantity of zinc used.

Subsequent to the industrial upheaval that occurred in the early part of 1922, great strides were made in rock-drill practice, with the result that reciprocating drills began to go out of use rapidly in favour of the hammer type. This development resulted in considerable saving in white and native labour, a greater tonnage handled, a much increased development footage, and great economy in explosives. One of the most important results of long investigation was the prohibition of the use of any but the long-piston type of Leyner machine unless fitted with fronthead release ports for the escape of air. Further, in 1922, the Government Mining Engineer, under the mining regulations, prohibited the use of any type of machine that proved dangerous to the operators on account of its dust-creating properties.

* This historical information has been taken largely from the presidential address of Mr. John V. Muller to the Chemical, Metallurgical and Mining Society of South Africa on September 9 and summarizes the history of gold mining in South Africa by tracing advances in technique.

A considerable increase in the accident death-rate during the years 1923 and 1924 was a direct result of greater incidence of rockbursts in the mines. In view of the fact that with greater depth the danger to life and limb from this source was increasing, the Witwatersrand Rockburst Committee was appointed to inquire into the matter, and it issued its report in 1925. A large volume of data relating to rockbursts was collected and analysed, and the knowledge thereby gained enabled the Committee to make many far-reaching recommendations which since that time have assisted greatly in preventing this type of accident and in minimizing its effects when it has occurred.

In the metallurgical field the most important alteration in procedure was the replacement of amalgamation by corduroy concentrating tables, the majority of the mines on the Witwatersrand adopting this method in 1923 with beneficial results. The new lease of life afforded by the increased price of gold in 1932 also gave rise to technical and practical advances of which only the most important need be mentioned. In the search for extensions of payable gold-bearing areas an increased demand arose for diamond drilling and, to a lesser extent, for shot-drill boring, the bulk of which was carried out on the western extensions of the Rand between Randfontein and Potchefstroom and in the Klerksdorp and northwest Free State areas.

Closely linked to the extensive program of exploration was the introduction of geophysical surveying over large areas as a means of proving the continuity and identity of gold-bearing horizons in areas where they occurred beneath a cover of younger formation and of obtaining a first approximation of their position as a basis for drilling. The opening up of new mines, as the result of favourable indications obtained by the geophysical surveying and diamond drilling, necessitated in many cases the sinking of shafts through a considerable thickness of water-bearing dolomite. The methods adopted introduced a new technique in cementation whereby the entire column of rock surrounding the shaft in the water-bearing formation was pre-treated with cement as opposed to the former practice of endeavouring to seal off individual sources of water. A further outstanding feature of shaft-sinking practice during this period was the greatly increased depth to which single-lift vertical shafts were being sunk, an advance which was made possible by progress in the technique of rope manufacture, by improvement in the design of winders, including breaking control and improved overwind prevention devices, and by the introduction of alloy skips and cages to reduce weight.

On the mining side stoping methods were improved by the wider adoption of semi-shrinkage and skeleton shrinkage, together with the extended use of stope scraping. The trend towards increased mechanization was further evident in the means adopted for the transport of large tonnages of ore underground. Active investigations into problems of ventilation, air-conditioning and dust removal resulted in the introduction of the more efficient screw-type fans, the erection of air-conditioning plants, the use underground of dehumidified compressed air, and the extended application of various types of underground dust filters and precipitators. With regard to the estimation of dust in mine air, a great advance in the investigation of the properties and behaviour of the finest particles was made possible by the introduction of the thermal precipitator.

TRANSVAAL CHAMBER OF MINES

With the discovery of the Witwatersrand conglomerates, a large number of small mining concerns was formed to exploit the field but, as mining became more difficult and expensive through increasing depth of workings, many of the less progressive companies ceased operations or became absorbed in larger concerns. This process continued until the present day, when there are forty-six large mining companies controlling 98.5 per cent of the gold output of the

Transvaal. Each of the gold-mining companies is a separate unit, with its own body of shareholders and board of directors. The control and administration of all the companies, however, are with few exceptions in the hands of one or other of seven large corporations or groups possessing strong financial resources and having long and intimate experience of mining enterprise. As a matter of interest, the names of these principal groups are: Anglo-American Corporation of South Africa, Ltd.; Anglo-Transvaal Consolidated Investment Co., Ltd.; Central Mining and Investment Corporation, Ltd. and Rand Mines, Ltd.; General Mining and Finance Corporation, Ltd.; Johannesburg Consolidated Investment Co., Ltd.; New Consolidated Gold Fields, Ltd.; Union Corporation, Ltd.

The Transvaal Chamber of Mines, founded in 1887, is an association of all the large gold- and coal-mining companies. It deals with the centralized activities of the mines and with problems common to the industry as a whole, such as labour matters, technical questions, holiday leave, legal matters, health conditions, stores supplies, munitions production, the collection of statistics, etc. Most of the advantages of amalgamation are probably achieved in the functions now exercised by the Chamber. Its activities, with regard to gold mining, are directed by a small executive, the Gold Producers' Committee, comprising six members, who are the principals of the larger groups, under the chairmanship of the President of the Chamber, who may represent the seventh group. Other committees and subcommittees are appointed by the Gold Producers' Committee to investigate and report on the many aspects of the industry's activities. The most important of these is the Technical Advisory Committee, the members of which are the Consulting Mining Engineers of the principal groups. The problem of stores supplies under wartime conditions was anticipated by the appointment of the Stores Subcommittee when the outbreak of war appeared inevitable; it comprises a number of the buyers and engineers of the leading groups, who examine and advise on all matters relating to the supply and conservation of stores.

Included in the Transvaal Chamber of Mines are several large subsidiary organizations established for the mutual benefit of members:—

1. The Native Recruiting Corporation, Ltd. and the Witwatersrand Native Labour Association, Ltd., both established for the engagement of native labour for gold and coal mines.
2. The Rand Refinery, Ltd., stated to be the largest gold refinery in existence, which at present is refining an average of approximately 1,600,000 ounces of bullion per month from the Transvaal, Southern Rhodesia and other parts of Africa.
3. By-Products, Ltd., established to treat concentrates not dealt with by the mines.
4. The Chamber of Mines Steel Products, Ltd., established to produce certain mining requirements such as steel balls, shoes and dies for the metallurgical works of the gold mines.
5. The Rand Mutual Assurance Company, Ltd., a mutual non-profit insurance company established to cover the liability of the mines in respect of workmen's compensation; its membership consists of all mining companies members of the Transvaal Chamber of Mines as well as a number of other concerns.

In addition, the Chamber is associated with the Union Government in the financing and administration of several institutions, namely, the Government Miners' Training Schools, the Transvaal Miners' Phthisis Sanatorium, and the South African Institute for Medical Research. The work of these organizations is governed wholly in most cases or in part in others by decisions of the Gold Producers' Committee.

THE GOLD STANDARD

On December 28, 1932, South Africa abandoned the gold standard. The price of gold in the Union rose from just below 85s. an ounce to an average price of 125s. an ounce over the twelve months which followed. It is generally accepted that this change was the main reason for the decade of unprecedented prosperity in the Union which followed. One of the outstanding consequences of the increase in the price of gold was the encouragement afforded for the mining of lower-grade ore in existing mines, in dormant areas and in new areas. It has been pointed out (*South African Mining and Engineering Journal* of February 28, 1942) that "apart from many direct and indirect benefits to the industry and the State, the revenue accruing to the Treasury in the first year after the suspension of the gold standard . . . not only enabled the Union budget to be balanced but also wiped off the accumulated deficit of the three previous years."

By 1934 a vigorous program of shaft-sinking had been initiated throughout the Witwatersrand, and treatment plants were being enlarged to handle the additional tonnages resulting from the increased scale of operations. This vast expansion was accompanied by increased employment for all classes of workers and by the extension of markets for the products of local agriculture and industries.

The United States Treasury established itself as the final purchaser of gold by raising its price to \$35 an ounce. International exchange fluctuations naturally affected the net price to the South African producer, and the steady fall in the exchange rate of sterling against dollars, until that rate was pegged late in 1939, brought an equally steady increase in the price of gold and the total value of South African gold output during the past ten years.

PRODUCTION OF BARLEY IN NEW ZEALAND

C. B. BIRKETT, ACTING TRADE COMMISSIONER

Auckland, October 10, 1942.—Under the tariff protection afforded in the past few years, New Zealand has now reached a point where she is self-supporting as far as the production of malting barley is concerned. Encouraged by a minimum price schedule and grading standards, the acreage sown to malting barley has increased from between 20,000 and 25,000 acres a few years ago to 45,000 acres in 1942.

As regards barley for feed purposes, there is still need for large quantities to be imported, chiefly for the pig industry. In the South Island, barley unfit for malting is used for pig feed, and any surplus is sold to the North Island. The main supply of feed barley for the North Island farmers, however, is imported, all from Australia.

IMPORTS

Statistics of these imports over the past five years are as follows: 1936, 185,797 centals; 1937, 25,543; 1938, 152,181; 1939, 258,888; 1940, 430,578; 1941, 302,851 centals.

Of the New Zealand production of barley, over 800,000 bushels are required each year for conversion to malt. The chief varieties of malting barley grown and the percentage area devoted to each are as follows: Plumage Archer, 27; Chevalier, 26; Spratt Archer, 20; Goldthorpe-Spratt, 8.

Following are percentages for feed barleys: Cape, 10; Black Skinless, 6.

Thus of the 45,000 acres of barley grown in 1942, 81 per cent was for malting purposes, the balance being for use as feed.

DAIRYING INDUSTRY IN AUSTRALIA

L. M. COSGRAVE, CANADIAN TRADE COMMISSIONER

Sydney, September 21, 1942.—Official reports recently published covering the production, consumption and exports of Australian dairy produce summarize the situation with respect to this important section of Australia's primary industries at the beginning of the fourth year of hostilities.

During the first two years of warfare, production of dairy products, such as milk, butter, cheese and eggs, was to a considerable extent determined by the United Kingdom wartime contracts. With the extension of war into the southwest Pacific, and the greatly increased requirements of the armed services, including those of the United States, the dairying industry has of necessity shown marked changes in many directions.

PRODUCTION AND CONSUMPTION OF MILK

The recorded production of milk in Australia during the five years ended 1940-41 averaged 1,177,000,000 gallons. Of this quantity 914,000,000 gallons (77·6 per cent) were required for the manufacture of butter, 58,000,000 gallons (5 per cent) for cheese, 43,000,000 gallons (3·6 per cent) for the production of preserved milk, and the remainder, 162,000,000 gallons (13·8 per cent), was utilized in its natural form.

BUTTER

PRODUCTION

The latest available official figures provide details of the monthly production of butter for the statistical years which end on June 30, and it is noteworthy that the output of factory butter for the year ended June 30, 1942, was 485,916 cwts., or 13·1 per cent below that recorded for the previous year (1940-41) and was the lowest since 1937-38. The factory total for 1941-42 amounted to approximately 3,214,000 cwts. as compared with 3,700,020 cwts. in 1940-41 and 4,407,300 cwts. in 1939-40, while the totals for farm production for the same years amounted to 175,000 cwts., 175,000 cwts. and 166,013 cwts., all states except Western Australia showing a decline.

Of the main producing states the decrease in 1941-42 for New South Wales amounted to 166,660 cwts. or 18 per cent; for Victoria, 137,333 cwts. or 10 per cent; and for Queensland, 191,947 cwts. or 18·4 per cent. The increase in production recorded for Western Australia amounted to 16,851 cwts. or 13·7 per cent.

CONSUMPTION AND EXPORTS

Exports by countries of destination are, for security reasons, not available for publication, but it is noteworthy that, partly due to restriction of exports, the consumption of butter per head in Australia has shown a considerable increase during the war years, from 30·26 pounds in 1939-40 to 33·65 pounds in 1940-41 and 35·05 pounds in 1941-42. The total quantities consumed during these years were 211,548,273 pounds, 235,950,084 pounds and 248,184,552 pounds.

The additional consumption per head in Australia has also been affected by the increased requirements for the fighting forces and for the establishment of strategic reserves, while adjustment in the United Kingdom contract, whereby greater cheese supplies were provided for, resulted in a substantial transfer from butter to cheese production.

PRICES

Wholesale Price.—As has been previously pointed out in reports on this subject, under the Commonwealth equalization scheme, which operates in the

main producing states of New South Wales, Queensland, Victoria and Tasmania, the wholesale price of butter for domestic use was in pre-war years fixed at 140s. per cwt., or 1s. 3d. per pound, and so remained from May, 1934, until June, 1937, when it was increased to 149s. 4d. per cwt., or 1s. 4d. per pound. This price was further increased in June, 1938, to 158s. 8d. per cwt. or 1s. 5d. per pound, continuing at that level until March, 1942, when the Prices Commissioner was empowered under Commonwealth regulations to fix the maximum wholesale price at 166s. 10d. per cwt., or 1s. 5½d. per pound.

The price of butter in South Australia and Western Australia is fixed under the equalization scheme operating in each state. These prices vary slightly from those fixed under the scheme for the major producing states, but the increase of 7½d. per pound authorized by the Prices Commissioner became effective throughout the whole of the Commonwealth as from March 6, 1942.

As compared with the above wholesale prices within the Commonwealth, it is noteworthy that under the equalization rate the prices realized for factory-made butter produced in the main states of Australia, whether sold in the country or abroad, remained remarkably stable during the last five months of 1941-42 at about 144s. 8d. per cwt. as compared with 143s. 1d. per cwt. in 1940-41 and 141s. 10¼d. in 1939-40.

Australian Butter in England.—Until September, 1939, the average price was the mean of the top prices quoted weekly for choicest salted Australian butter together with their f.o.b. equivalents at seaboard in Australia, while the price quoted since September, 1939, represents the price fixed under the contract between the Governments of the United Kingdom and Australia for choicest butter, namely 137s. per cwt. (Australian currency), or 110s. per cwt. in sterling.

CONTRACT QUANTITIES

Particulars of the quantities concerned in the various contracts entered into between the Governments of the United Kingdom and Australia for the supply of butter and dry butter fat are shown in the following table, the decrease in butter being largely made up by the revised cheese contract, particulars of which are given later in this review:—

Australian Butter Contracts

Contract No.	Period Covered	Butter Tons	Dry Butter Fat Tons
First	November 13, 1939 to June 30, 1940	75,500	....
Second	July 1, 1940, to June 30, 1941	100,000	....
Third	July 1, 1941, to June 30, 1942	60,000*	....
Fourth	July 1, 1942, to June 30, 1943	70,000*	10,000

* Choicest and first quality only.

CHEESE

PRODUCTION

Production of cheese in Australia during the war years has varied in the main producing states, due largely to climatic conditions and contractual obligations for overseas requirements.

The output of factory cheese for the year ended June 30, 1942, shows an increase of 60,092 cwts., or 11·3 per cent, as compared with the figure for the previous year, but a decrease of 26,429 cwts., or 4·3 per cent, below the recorded production in 1939-40.

A comparison of production by states for the years ended June 30, 1942 and 1941, shows that there were increases in Victoria (35,602 cwts. or 21·8 per cent), Queensland (41,126 cwts. or 39·3 per cent), and Western Australia (3,192 cwts. or 37·6 per cent), while decreases were shown in New South Wales (12,618 cwts. or 22 per cent) and South Australia (7,261 cwts. or 4·2 per cent); Tasmanian production remained practically unchanged.

In 1941-42 the total factory production amounted to 592,968 cwts. as compared with 532,876 cwts. in 1940-41 and 619,397 cwts. for the first year of the war. Farm production in the same years totalled 3,000 cwts., 2,879 cwts., and 3,677 cwts. respectively.

Total production of cheese for the year ended June 30, 1942 (595,968 cwts.), was the second largest recorded, being exceeded only by the production of 623,074 cwts. in the first year of the war (1939-40).

Total consumption in Australia amounted to 35,117,794 pounds, or 4.96 pounds per head, as compared with 25,889,321 pounds, or 3.69 per head, in the previous year. This increase was again in part due to the additional requirements of the armed services and of those engaged in heavy manual work in the production of munitions and in other war duties.

PRICES

Under the stabilization scheme, which operates in all states excepting Western Australia, the wholesale price of cheese, as in the case of butter, was fixed in May, 1934, at 8d. per pound. In January, 1935, the price was increased to 8½d. and again in May of that year to 9½d. A further increase to 10d. was announced in June, 1937, and again in June, 1938, to 10½d. On March 6, 1942, the Commonwealth Prices Commissioner authorized an increase of 1½d. per pound throughout Australia, establishing a maximum wholesale price of 1s. per pound.

Compared with this wholesale price, the average prices realized by producers for factory-made cheese, whether sold in Australia or abroad, increased from 8.05d. per pound in 1937-38 to 8.17d. in 1939-40 and 8.30d. in 1940-41, and since the establishment of the maximum wholesale price of 1s. per pound, the realization price became 9.50d. during the four months ended June 30, 1942.

UNITED KINGDOM CONTRACTS

Under the first contract between the Commonwealth and the United Kingdom, which was for the period September, 1939, to June, 1940, the quantity involved was 13,000 tons. Under the 1940-41 contract this amount was increased to 20,000 tons, and under the 1941-42 contract to 40,000 tons or more, subject to Australia's ability to supply. This increased quantity was designed to replace in part reduced shipments of butter. In the 1942-43 contract the quantity has been reduced to 10,000 tons.

PORK

There has been a substantial expansion in the number of pigs in Australia since 1937-38, when there were only 1,100,000. In 1938-39 this number increased to 1,156,000, in 1939-40 to 1,455,000, and in 1940-41 to 1,798,000. However, due to various reasons a decrease to 1,490,000 is recorded for 1941-42, and efforts are being made to stimulate production on a Commonwealth-wide scale to meet increasing demands for pork, particularly from the Allied forces in the south-west Pacific.

Production of pork shows an increase from 82,854,365 pounds in 1938-39 to 97,556,063 pounds in 1939-40, and 115,160,156 pounds in 1940-41; figures for 1941-42 are as yet incomplete. There were decreases, however, in the per capita consumption during that period from the rate of 7.53 pounds in 1938-39 to 6.48 pounds in 1939-40 and 5.74 pounds in 1940-41.

BACON AND HAM

During the past ten years the production of bacon and ham in Australia has fluctuated between 68,000,000 and 89,000,000 pounds, this quantity being sufficient for normal local requirements and providing a small quantity for export to nearby territories. In pre-war years this quantity averaged approximately 1,500,000 pounds annually. Since the outbreak of war, however, the expansion in production has provided a larger exportable quantity.

Eggs

Because of the difficulties in obtaining a thorough survey of the poultry industry, complete statistics of egg production in Australia are not available, but figures compiled by the various egg boards, which are established in all the Australian states with the exception of Tasmania, provide a useful guide to Australian production.

Such particulars as supplied by the boards of the four leading producer states—New South Wales, Victoria, Queensland and Western Australia—show a total of receipts and stocks on a monthly basis in 1941-42 of approximately 4,390,000 dozen. Of this total approximately 93,000 dozen were packed for cold storage, pulp and powder, etc., approximately 30,000 dozen for export, 3,950,000 dozen for domestic consumption, and 310,000 dozen in store.

It is noteworthy that the chief export of egg products is now in the form of powder, while in previous years exports of egg contents were mainly as egg pulp. This change is particularly noticeable in the two latest war years; 1940-41 exports of eggs in shell amounted to 17,881,732 dozen and of egg contents 1,095,356 pounds, while in 1941-42 exported eggs showed a decrease to 6,306,532 dozen and exports of egg contents increased to approximately 5,909,610 pounds.

OUTLOOK FOR THE DAIRY INDUSTRY

The heavy demand for labour in war industries and the increasing call-up for the armed services have of necessity created many problems affecting agriculture, particularly the dairy industry, and extensive investigations have been instituted by the Australian Food Council with a view to meeting the minimum requirements of the dairy industry and ensuring adequate production to meet both domestic needs and the Commonwealth contractual obligations to the United Kingdom.

Preliminary figures issued by the Australian Food Council indicate a slight increase in the number of dairy cows throughout the Commonwealth, which, as recorded by the annual census, for all states in 1940-41 totalled 3,406,007. Figures for 1941-42 are incomplete, but some improvement is shown by the preliminary returns issued by New South Wales, Victoria and Western Australia, while the number of cows recorded by dairy farmers showed a total of 2,313,245 as at July, 1942, as compared with 2,192,919 in July, 1941.

However, these returns are not considered a satisfactory guide in view of the improved climatic conditions in 1941-42 as compared with those prevailing in the previous year. A higher yield per cow is, however, expected in the main producing states during the coming year, due to more favourable seasonal conditions being anticipated, while it is probable that the manpower regulations will be relaxed to meet seasonal needs in this important section of Australian primary industry.

ECONOMIC CONDITIONS IN COSTA RICA

H. W. BRIGHTON, CANADIAN TRADE COMMISSIONER

Panama, October 22, 1942.—As in the other countries in the Caribbean area, shipping difficulties continue to prevail in Costa Rica and, as a result, business generally is depressed, since adequate supplies are not available. This situation also reacts unfavourably on government finances, as foreign trade is greatly reduced, and the lack of income from customs receipts, which is one of the chief sources of revenue for Costa Rica, means a deficit to the Costa Rican Treasury.

There has been a slight reduction in the cost of living, largely brought about by lower prices for cattle, corn and rice, but generally the cost of living is on the increase. Wholesale prices for imported products naturally have increased, and those of many national products have also advanced.

FOREIGN TRADE

The United States continues to be the leading purchaser of Costa Rica's export products and also the foremost supplier of merchandise.

The scarcity of shipping is adversely affecting Costa Rica's exports as well as imports. There is more cargo offering than ships to take it. There was an improvement during the month of June, when a greater volume of bananas was shipped to the United States than in the previous month, and this also applied to cocoa. Exports of the latter exceeded in quantity and value shipments made in the corresponding month of 1941. Coffee exporters are not transporting their crop to the ports on the same scale as formerly because it is being held there indefinitely for shipment.

EXCHANGE CONDITIONS

On August 15 Costa Rica abolished the priority list on foreign exchange which had been in effect since early in 1940. This was made possible by the fact that the banks had sufficient amounts of exchange on hand to meet the country's requirements, and foreign exchange is available to applicants almost immediately.

The ready availability of exchange is attributed to the reduction in imports and to several other factors, the most important of which being the credit of \$2,000,000 received from the United States Export-Import Bank; the actual and contemplated expenditures on the Inter-American highway and other public works projects of the Health and Sanitation Commission, which will result in an increase in dollar reserves of the Central Bank; and finally the present policy of the Banco Nacional de Costa Rica of obtaining as much as possible of the dollar currency held privately. On August 6 the public were advised by the bank to sell all United States banknotes to the bank before August 31.

TARIFF CHANGES

On July 22 a change was made in the assessing of duty on goods formerly imported in jute bales. Conditions arising from the war have necessitated goods being packed in wooden boxes instead of jute or cloth bales, and to assess such merchandise on a gross weight basis resulted in an increase in the cost of the goods to the consumer. To remedy this condition duty is now assessed on a net weight basis plus 5 per cent surcharge for tare.

RUBBER

Under terms of an agreement signed on June 16, the United States Rubber Reserve Company will purchase all rubber produced in Costa Rica that is not required for the essential needs of the country.

Although Costa Rica produces very little rubber, the country has considerable potential resources of both the wild and cultivated product and, with financial assistance from the United States Rubber Reserve Company, these are to be developed.

In June some shipments of cement were received, making possible a slight increase in construction, especially of roads but, like other countries in this area excepting the Republic of Panama, where the situation continues to be unusually favourable, wartime conditions, are having a depressing effect on the economic life of Costa Rica. Commerce and industry are dispirited, and there is little investment in new undertakings, particularly agricultural projects.

BOLIVIAN FOREIGN TRADE IN 1941

M. J. VECHSLER, CANADIAN TRADE COMMISSIONER

Santiago, October 12, 1942.—The value of Bolivia's total trade rose in 1941 to £23,669,192 from £18,764,388 in 1940, an increase of £4,904,804, or 26·14 per cent. There were increases in both imports and exports, as indicated in the following comparable table:—

	1940	1941
Exports	£13,063,641	£15,900,200
Imports	5,700,747	7,768,992
Favourable balance	£ 7,362,894	£ 8,131,208

The foregoing import returns do not include imports of gold in bars or coin, which were repatriated by the Government to the amount of £1,342,842.

From the foregoing figures it will be noted that the value of imports increased in 1941 over that for 1940 by £2,068,245, or by 36·28 per cent; the volume of imports rose by 42·17 per cent, having increased from 264,275 metric tons to 375,714 tons.

Similarly the value of exports increased by £2,836,559, or 21·71 per cent. The increase in exports by volume amounted to 15,829 tons gross, from 177,908 tons in 1940 to 193,737 tons.

The favourable balance of trade, which was £7,362,894 in 1940, rose to £8,131,208 in 1941.

Bolivian exports and imports in 1941 by categories were as follows:—

Bolivian Exports and Imports by Groups in 1941

	Imports		Exports	
	Value £1,000	Per Cent of Total	Value £1,000	Per Cent of Total
Live animals	345	4.44	116	0.73
Foodstuffs	1,755	22.59	110	0.69
Raw materials	992	12.77	15,048	94.64
Manufactured goods	4,671	60.12	14	0.09
Gold and silver coin	6	0.08	612	3.85
Totals	7,769	100.00	15,900	100.00

IMPORTS

Bolivian imports from the United States have increased considerably. That country now occupies first place as a source of supply and in 1940 imports therefrom were valued at £2,349,219, representing 41·21 per cent of total imports. The value of imports from that source in 1941 amounted to £3,234,854, or 41·64 per cent of the total.

The following table shows Bolivian imports in 1940 and 1941 by countries of origin:—

Imports into Bolivia by Countries of Origin

	1940		1941	
	£1,000	Per Cent of Total	£1,000	Per Cent of Total
United States	2,349,219	41.21	3,234,854	41.64
Argentina	1,070,862	18.78	1,583,301	20.38
Peru	398,683	6.99	746,611	9.61
Japan	496,385	8.71	628,029	8.08
Chile	361,939	6.35	516,817	6.65
Great Britain	409,692	7.19	436,291	5.62
Brazil	97,770	1.71	342,444	4.41
Sweden	55,356	0.97	37,799	0.48
Switzerland	27,437	0.48	37,487	0.48
Germany	97,493	1.71	23,993	0.31
India	35,954	0.63	23,101	0.30
Italy	62,636	1.10	14,495	0.19
Belgium	89,492	1.57	6,591	0.08
France	41,458	0.73	5,971	0.08
Spain	1,652	0.03	4,795	0.06
Netherlands	24,571	0.43	2,615	0.03
Other countries	80,148	1.41	123,798	1.60
Totals	5,700,747	100.00	7,768,992	100.00

EXPORTS

Bolivian exports to the United Kingdom in 1941 decreased by £3,262,035 or 36·73 per cent as compared with the previous year. In 1940 they were valued at £8,880,614, whereas in 1941 they were valued at £5,618,579, representing 35·34 per cent of the total value of exports. As against this, shipments to the United States increased by £2,062,941, from £3,555,638 in 1940 to £5,618,579 in 1941, and in the latter year represented 60·04 per cent of the total value of exports.

The following table shows Bolivian exports by countries:—

Exports from Bolivia by Countries

	1940		1941	
	£1,000	Per Cent of Total	£1,000	Per Cent of Total
United States	3,355,638	27.22	5,546,896	60.04
United Kingdom	8,880,614	67.98	5,618,579	35.34
Japan	180,888	1.39	331,310	2.09
Argentina	136,996	1.05	246,416	1.55
Brazil	24,158	0.18	130,502	0.82
Chile	13,111	0.10	15,096	0.10
Peru	12,029	0.09	8,503	0.05
Belgium	221,157	1.69	.....	.....
Germany	3,055	0.02	.....	.....
Netherlands	23,994	0.18	.....	.....
Italy	3,885	0.03	.....	.....
Switzerland	3,975	0.03	.....	.....
Other countries	4,141	0.04	2,898	0.01
Totals	13,063,641	100.00	15,900,200	100.00

COMMODITY MARKETS IN BRAZIL IN 1941

I

L. S. GLASS, CANADIAN COMMERCIAL ATTACHÉ

Rio de Janeiro, October 22, 1942.—The following notes on the individual items imported by Brazil in 1941, with special reference to commodities in which Canada is or may be interested in selling to this country, while perhaps not of as great immediate commercial interest as in the past, provide a useful indication of the trends towards new sources of supply and also of wartime developments in Brazil.

AGRICULTURAL MACHINERY

Brazilian statistics classify separately seeding machines, ploughs, plough-shares and plough parts, and threshing machines, while all other agricultural machines are grouped under the general heading "agricultural implements and machinery". Imports under the general classification, which had decreased in 1940, showed an increase in 1941 from 573 tons (\$236,998) to 637 tons (\$274,917). The United States supplied almost the whole of the imports, valued at \$268,000 (\$229,382 in 1940). Shipments from Canada increased from 2 tons (\$471) to 18 tons (\$4,200). Small shipments also came from Argentina, Great Britain, and Japan.

Imports of seeding machines increased slightly, from \$3,895 to \$4,944, of which the United States supplied to the value of \$4,860 (\$3,895). The remainder, valued at \$91 (nil), was imported from Argentina.

Imports of ploughs, plough-shares and plough parts continue to suffer from the growing local manufacture and a further decrease in purchases, from \$177,839 to \$114,919, in 1941 was recorded. The value of imports from the United States was \$100,000 (\$156,426); from Germany, next in importance as

a supplier, \$7,742 (\$6,688); and from Great Britain, \$3,310 (\$8,815). Shipments from Canada dropped from 27 tons (\$5,693) to approximately 5 tons (\$1,050).

Threshing machines showed an increase in volume from 14 to 17 tons, decreasing slightly in value from \$4,964 to \$4,568. The United States supplied to a value of \$4,400 (\$4,964). Canada is credited with the small remainder, amounting to \$110.

A further decrease was shown in the imports of tractors, from \$778,122 to \$704,900. The bulk continues to be supplied by the United States, shipments being valued at \$703,900 (\$760,486). Great Britain and Argentina shipped the remainder.

ELECTRICAL MACHINERY

Imports of electric dynamos, motors and transformers, which had decreased sharply in 1940, increased in 1941 from \$1,789,507 to \$2,619,765. Once again imports from the United States predominated, being valued at \$1,711,000 (\$1,123,979 in 1940). Sweden, credited with \$405,900 (\$210,007), remained in second position among suppliers, followed by Switzerland, \$131,600 (\$69,015); Great Britain, \$123,400 (\$171,490); and Japan, \$120,700 (\$3,756). Smaller amounts came also from Germany, Argentina, Italy, and Holland. Imports from Canada increased in volume from 1 to 2 tons, but decreased in value from \$5,255 to \$4,870.

ELECTRIC CABLE

Electric cable imports again decreased in volume, from 672 to 416 tons, but increased slightly in value, from \$221,240 to \$221,479. The United States occupied first place among suppliers with \$76,900 (\$28,013 in 1940). Japan, in second position, sold to a value of \$55,000 (\$1,015). Shipments from Canada increased again substantially, from \$19,404 to \$46,200, while Great Britain moved from first to fourth place, supplying to a value of \$32,700 (\$160,349). Sweden, Switzerland, and Peru were other sources of imports.

PORCELAIN INSULATORS

There was a sharp decrease in the value of imports of porcelain insulators, from \$115,067 to \$87,837. The United States shipped to a value of \$69,800 (\$70,830 in 1940). The remainder was supplied by: Great Britain, \$7,890 (\$18,261); Canada, \$5,694 (\$1,571); Japan, \$2,180 (\$22,116); Switzerland, \$958 (\$160); and Sweden, \$770 (\$109).

SEWING-MACHINES

Imports of sewing-machines, which had decreased since 1938, recorded a considerable increase in 1941, from \$2,083,004 to \$3,944,126. Canada continued to supply the largest share of the market requirements, with shipments valued at \$2,979,000 (\$1,270,024 in 1940). The United States remained in second position with \$790,000 (\$715,621). Germany continued in third position with \$69,500 (\$60,382), followed by Great Britain, \$10,725 (\$29,886); Sweden, \$5,969 (nil); Colombia, \$3,090 (\$4,823); Switzerland, \$2,750 (nil); and Japan, \$1,850 (\$3,247). Argentina and Peru supplied the remainder.

RAILS

Imports of rails decreased from \$3,551,277 to \$3,300,120, the largest share being credited to the United States, \$3,258,000 (\$3,429,742 in 1940). The small remainder was supplied by Switzerland, \$31,100 (nil); Mexico, \$7,690 (nil); and Great Britain, \$1,600 (\$33,002).

AUTOMOBILES AND TRUCKS

Imports of passenger cars, which have been increasing since 1938, showed a small decrease in number of units, from 13,861 to 12,777; and a slight increase in value, from \$9,448,914 to \$9,825,012. As in the past, the bulk of the shipments was received from the United States, 12,735 units valued at \$9,730,000 (13,715 at \$9,355,468 in 1940). Germany shipped 40 units valued at \$21,570 (19 units at \$12,043); Great Britain, one valued at \$785 (20 units at \$13,130); and Mexico, one valued at \$2,484 (nil).

Imports of assembled trucks increased considerably, from 186 units (\$239,816) to 436 units (\$786,696), of which the United States supplied 432 units valued at \$782,978 (173 units at \$203,084). Great Britain shipped the remaining 4 units valued at \$3,718 (7 units at \$19,864).

There was an increase in imports of chassis for both trucks and passenger cars, from 9,424 units (\$6,025,382) to 11,916 units (\$7,889,343). The bulk of the shipments were from the United States, amounting to 11,907 units valued at \$7,872,166 (9,367 units at \$5,915,100 in 1940). Of the small remainder, Germany shipped 7 units valued at \$10,236 (nil) and Great Britain supplied 2 units valued at \$6,941 (37 units at \$49,068).

RUBBER MANUFACTURES

Imports of general manufactures of rubber goods increased somewhat in volume, from 15 to 23 tons, but declined slightly in value, from \$43,844 to \$42,521. The United States continued as main supplier, \$36,460 (\$33,455 in 1940) followed by Great Britain, \$2,870 (\$3,745); and Argentina, \$1,156 (nil). Small shipments arrived also from Japan and Germany. Imports from Canada increased in value from \$249 to \$958.

Imports of tires again decreased, from 2,795 tons (\$1,852,419) to 1,789 tons (\$1,227,032). The United States, with 1,283 tons valued at \$885,900 (1,252 tons at \$870,984 in 1940) retained first position among suppliers, followed by Argentina with 350 tons valued at \$209,100 (195 tons valued at \$115,399). Canada was for many years the principal supplier, but following the opening of a factory in Brazil in 1940 by the principal Canadian exporter to this market, shipments from the Dominion declined and have now practically ceased, as the value of receipts therefrom in 1941 was only \$49 (\$171,329). Other suppliers were: Great Britain, \$78,400 (\$444,745); Italy, \$34,800 (\$146,718); and Germany and Japan with smaller amounts.

Imports of inner tubes declined again in volume, from 148 to 111 tons, increasing, however, slightly in value, from \$145,801 to \$147,109. The United States remained in first place among suppliers with \$116,600 (\$87,909 in 1940). Great Britain, despite a sharp decrease, retained second position with \$13,880 (\$35,350), followed by Argentina with \$12,600 (\$8,228). Italy is credited with \$1,550 (\$1,186), and Japan with \$832 (\$1,671), while imports from Canada, owing to conditions previously referred to, were nil as against a value of \$9,796 in 1940.

ALUMINIUM

A further considerable decrease was shown in imports of raw aluminium, from 25 tons (\$19,041) to 10 tons (\$7,247), entirely supplied by the United States (20 tons at \$16,460 in 1940).

Aluminium manufactures, imports of which had increased considerably in 1940, showed a sharp decrease, from 122 tons (\$82,923) to 23 tons (\$66,538). The United States was the principal supplier, \$56,900 (\$28,651 in 1940). China, appearing for the first time as an exporter to Brazil, was in second place, with \$3,680. Spain again appeared among suppliers with \$2,872 (nil), followed by Switzerland with \$2,185 (\$56). Small amounts came also from Japan and Germany. Canada, the most important supplier in 1940, made no shipments in 1941.

COPPER

A considerable decline was recorded in imports of copper plates and sheets, from 2,580 tons (\$860,281) to 848 tons (\$338,511). The United States remained in first position, \$281,400 (\$616,832 in 1940). Shipments from Great Britain, which increased in 1940, fell off in 1941 to \$40,250 (\$104,923). Purchases from Japan also declined to \$8,480 (\$17,758). Imports from Canada, which increased considerably in 1940, declined to \$4,528 (\$104,280).

Imports of copper tubes and pipes also decreased in volume and value, from 277 tons (\$186,717) to 117 tons (\$83,141). The United States, \$51,590 (\$129,485 in 1940), continued to be the major supplier, while Great Britain with \$27,720 (\$41,322) remained in second place. Shipments from Canada declined sharply, from \$8,741 to \$3,050. Argentina and Switzerland shipped small amounts.

Imports of copper wire, which had increased in 1940, showed a sharp decrease in 1941, from 190 tons (\$57,516) to 67 tons (\$36,089). The United States once more supplied almost the entire amount imported, \$30,210 (\$36,991). The remainder was shipped by Chile, \$5,622 (nil); Great Britain, \$436 (\$560); and Canada, \$228 (nil).

Imports of uninsulated copper wire showed a slight increase, from \$51,341 to \$61,313. The United States was the major shipper with \$51,170 (\$5,222), the remainder being supplied by Japan, \$9,270 (\$46,032), and Great Britain, \$17 (\$24).

Imports of insulated copper wire, which had decreased sharply in 1940, increased considerably in 1941, from \$175,018 to \$262,326. The United States remained in first position among suppliers with \$235,000 (\$137,258). Shipments from Sweden increased also, \$13,500 (\$205), while those from Canada decreased in volume to 3 tons (5 tons), increasing, however, in value to \$7,478 (\$5,252). Imports from Great Britain declined heavily to \$5,622 (\$16,639). Small amounts came also from Germany, Japan, and Switzerland.

LEAD

There was a considerable decrease in the imports of lead, both in tonnage and value, from 9,265 tons (\$892,682) to 1,438 tons (\$129,153). The United States, notwithstanding, a decline in shipments, continued as leading supplier with \$82,550 (\$456,915 in 1940). Canada, also showing a sharp reduction, retained second place with \$41,750 (\$334,926). The remainder was supplied by Peru with \$4,390 (\$15,137) and Great Britain with \$1,236 (\$3,049).

ZINC

Zinc imports showed a further decrease in volume, from 137 to 107 tons, but increased in value from \$24,753 to \$31,812. The larger share of the imports was supplied by the United States with \$29,320 (\$10,841 in 1940), and the remainder by Canada, \$2,100 (nil), and Great Britain \$10 (nil).

INDUSTRIAL PALESTINE

From *The Economist*

One of the outstanding features of wartime economy in Palestine is the conspicuous development of local industry. Already it is playing a major part in Palestine's war effort, and its importance has been stressed by a recent order introducing for all essential factories a continuous seven-day week and a 60-hour week for all labour concerned. Military orders placed with local manufacturers rose from about £P1 million in 1940 to £P4 millions in 1941, and are running at a level of £P8 millions per annum this year. For a country

whose total industrial output in 1939 was only about £P10 millions, this is considerable, even if the difference in price levels is taken into account. In addition a big local demand for most commodities was created by the fall in imports and, in spite of the difficulties, industrial exports have also been greatly expanded, the bulk of them serving for essential war needs (potash, petroleum derivatives, and so on).

Yet only to a comparatively small extent was this expansion carried out by establishing new factories. By far the greater part of the growth is due to the fuller use now made of plants already existing. The surplus capacity of most factories established by Jewish immigrants during the last decade, which encumbered them heavily in the pre-war days, has proved in present circumstances to be their greatest asset. Moreover, ample resources of skilled labour were available owing to the unemployment which had accumulated during the pre-war disturbances, and they were further increased by the sharp reduction of work in the citrus plantations. Jewish unemployment figures fell from about 13,000 in the middle of 1940 to almost nil and, furthermore, some thousands of immigrants and Arab labourers were also absorbed. The number of workers employed in industry has risen since 1939, according to Jewish Agency indices, by about 55 per cent, the number of man-days worked by about 70 per cent, and the value of production by more than 120 per cent, which indicates an increase of about 50 per cent in the physical volume of production. The most important increases—by more than 100 per cent of man-days—have taken place in the metal, textile, food and leather industries, while the wood, paper and printing trades, which depend mostly on local demand, are scarcely above peace-time levels or are even depressed. But it should be borne in mind that these indices do not reflect the development of the new factories which started production during the war, and they do not cover the important concessionary concerns, the Arab producers and so on, which have also substantially increased their output. Most factories now work nearly at full capacity, and a shortage of labour is already evident. Nevertheless, a further rise in production is expected by about one-quarter over and above the level of 1941, which has been estimated at £P20 millions. Of this, more than one-half is being taken up by military orders and by exports, while a further 10 per cent may be accounted for by the individual consumption of the soldiers stationed in the country.

Some achievements of Palestine industry deserve to be specially mentioned. The oil refineries of the Iraq Petroleum Co. have already a military record of their own, but little is known about the speeding-up of potash production by means of a new method of colouring the water in the solar ponds in order to accelerate evaporation. Phosphoric fertilizers, produced from rock deposits in Trans-Jordan, are already on the market, and the output is to be brought up to 500 tons per month. Sulphuric acid, calcium carbide, dry pectin, ether and various medicines are among the new products of the chemical industry, and the production of starch and glucose is to begin in the near future. Cotton weaving and spinning are being greatly expanded, and the new wool-weaving industry is meeting with fair success. Considerable progress has taken place in the metal industry, which is now delivering a great variety of articles, from agricultural and manufacturing machines to automobile spare parts and from surgical instruments to harbour constructions. The output of the diamond factories (which are at present paralysed by a wage strike) has reached about 1,800 carats a month.

CONTROL OF EXPORTS FROM CANADA

REGULATIONS AMENDED

By Export Permit Branch Order No. 51, effective November 5, live, pure-bred sheep, lambs and hogs, included in Group 2 (Animals and Animal Products), are exempted from requiring an export permit when shipped to any part of the British Empire or to the United States and the necessary documents from the National Livestock Records giving proof of registration accompany the shipments.

By Order in Council P.C. 9888, effective November 9, Christmas trees, included in Group 4 (Wood, Wood Products and Paper), are prohibited exportation except under permit from the Export Permit Branch, Department of Trade and Commerce, Ottawa.

In connection with the above, by Export Permit Branch Order No. 52, also effective November 9, Christmas trees are exempted from requiring an export permit when shipped to any part of the British Empire or to the United States.

TARIFF CHANGES AND TRADE REGULATIONS

New Zealand

IMPORT LICENSING OF NON-FERROUS METALS IN 1943

New Zealand import licensing regulations to be effective in 1943 (as announced in *Commercial Intelligence Journal* No. 2015: September 12, 1942, page 258) have been amended as regards several descriptions of metals and some other commodities.

The former announcement included the transfer of metals in various forms from the Customs licensing category of "controlled" goods to administration by the Ministry of Supply, which would receive applications from importers, make allotments on the basis of imports by individual firms in 1939, and place a bulk order for approved requirements. It is now stated in an official memorandum, dated September 18, 1942, that *non-ferrous* metals will continue to be in the "control" category as at present, i.e., applications and licensing are to be dealt with by the Department of Customs on the merits of the individual case. The specified non-ferrous metals are: Copper, lead, tin and other metal (excluding aluminium) in billets, blooms, ingots or pigs; brass, copper, lead, tin and other metal (excluding aluminium) in bars or rods (except cast bars or rods of copper alloy); metal foil or leaf; metal hoop, plate or sheet, plain, whether in the rough, polished, enamelled, galvanized, plated, tinned, or otherwise coated with metal (excluding lead sheet and aluminium); plain metal wire; barbed fencing-wire; wire cut to lengths, looped, twisted or plain, suited for baling and similar purposes; metal cordage; boiler tubes; pipes, piping, tubes and tubing (except lead). Precious metals, as well as ferrous metals, are excluded from this provision.

Gaming requisites and gaming devices are added to the class of goods for which no allocation is made for imports.

The allocation for imports of sanitary towels from the United Kingdom and other British countries is increased from 50 per cent of 1941 importations to 100 per cent of importations from all sources in 1938. Should supplies not be available from British countries, consideration will be given to applications to import from other countries.

Trinidad

MODIFICATION OF IMPORT CONTROL REGULATIONS

With reference to the notice published in *Commercial Intelligence Journal* No. 2010 (August 8, 1942), page 149, to the effect that whisky, gin and brandy may be imported into Trinidad from Empire sources, on the basis of 50 per cent of average imports during the years 1938 and 1939, Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, reports that a subsequent notice of September 23 allows importation of whisky from other sources to the same extent, but that this does not apply to imports of gin and brandy.

According to a notice issued by the Control Board on October 14 relative to the provision exempting imports from other British West Indian colonies from usual import licence restrictions, the Competent Authority may allow freely, under licence, the importation of goods produced in the British West Indies, British Guiana, Bermuda and British Honduras, which are not wholly produced in these colonies.

Notification was given in the Trinidad *Royal Gazette* of October 15 that applications for licence for importation of cooking butter, bran, brewers' malt and smoked meats from South America will be considered. The granting of licences, the Trade Commissioner explains, does not imply that these foodstuffs will be obtained entirely from South America, but that the prohibition formerly on importations from that source has been modified.

According to a notice in the Trinidad *Royal Gazette* of October 29, the Trinidad Control Board are restricting imports of toys (exclusive of metal toys, the importation of which was already prohibited) to 50 per cent of the average value of imports during the years 1938 and 1939. The value of imports of toys of all kinds from Canada during this period averaged \$3,405.

INDIVIDUAL LICENCES FOR CERTAIN DRUGS NOT TO BE ISSUED

With reference to the notice in *Commercial Intelligence Journal* No. 2017 (September 26, 1942), page 290, stating that certain lists of drugs, chemicals and medical supplies would in future be purchased by the Bulk Purchasing Department of the Trinidad Import Control Board, the Trinidad *Royal Gazette* of October 17, 1942, gave notice that the issue of individual licences for importation of those drugs included in the list of essential drugs to be obtained by means of bulk purchase will cease on November 30, 1942.

British Guiana

IMPORT CONTROL REGULATIONS FOR RAYON AND COTTON PIECE-GOODS MODIFIED

The Controller of Commodities in British Guiana announced on August 31, 1942, that the importation of rayon piece-goods would be subject to quota restrictions. Advice has since been received from Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, that imports of rayon piece-goods from the United Kingdom are subject to a quota based on 100 per cent of the Colony's average imports from all sources during the years 1938 to 1940, but there are no restrictions on imports from Canada.

The Controller of Commodities has also announced that the ceiling price on cotton piece-goods that can be imported from non-sterling sources without quota restriction has been increased from 2s. 6d. to 3s. per square yard c.i.f. Cotton piece-goods exceeding in value 3s. per square yard c.i.f. are subject to quota from Canada and sterling areas.

Newfoundland

CONTROL OF IMPORTATION AND SALE OF SEEDS

The Newfoundland *Gazette* of October 20 contained the text of a Bill, read a first and second time, designed to control importation and sale of seeds with a view to preventing introduction of poor seeds or seeds mixed with weeds. Persons wishing to comment on the Bill were given until November 16 to do so by writing to Mr. K. J. Carter, Secretary for Natural Resources, St. John's, Newfoundland.

An official statement on the objects and reasons for the Bill says that in the past seed has been imported into Newfoundland without any control or guarantee, with the result that poor-quality seed has been planted and inferior crops obtained.

Provision is made in the Bill to authorize the Governor in Commission to make regulations prohibiting importation into Newfoundland, except under licence, of any seed to which the Act based on the Bill will apply, and the Commission is empowered to appoint inspectors to ensure the carrying out of regulations.

For the purpose of the Bill weeds are classified as: prohibited noxious weeds, primary noxious weeds, secondary noxious weeds, and other weeds. With regard to oats, barley, rye, wheat, beans, buckwheat, and field peas, it is stated that they are to be free of prohibited noxious weed seeds, contain not more than 2 seeds per pound of primary noxious weed seeds, not more than 5 seeds per pound of primary and/or secondary noxious weed seeds, not more than 50 seeds per pound of noxious and/or other weed seeds, and not more than 150 seeds per pound of other cultivated kinds or species of seeds. For flax the maximum totals in this list apply per ounce. A 75 percentage of germination is required.

A lower maximum of weed seeds, usually stated at so many per ounce, is permitted in the case of forage crops, field roots and garden vegetables. The percentage of germination required is slightly less, varying from 55 to 70. The Bill specifies the forage crops brought within its scope as: alsike, clover, meadow fescue, red clover, phalaris, orchard grass, rape, alfalfa, Canada blue grass, Kentucky blue grass, wild white clover, timothy red top. The field roots and garden vegetables are: artichoke, asparagus, beans, garden beet, mangel, Swiss chard, cabbage, cauliflower, kale, broccoli, Brussels sprouts, kohl rabi, Swede turnips, carrot, celery, chives, cucumber, leeks, lettuce, mustard, onion, parsley, parsnip, peas, pepper, pumpkin, radish, sage, savory, spinach, squash, tomato, vegetable marrow.

Section 5 of the Bill reads: "No seed prescribed by regulations under this Act shall be imported or sold or offered for sale for seeding unless each container thereof is correctly and legibly marked with the name of the kind or species and the name of the variety of the seed therein and the correct weight of such seed and the grade of such seed in the country of origin."

Dutch Guiana

IMPORT LICENCES

Mr. G. A. Newman, Canadian Trade Commissioner in Trinidad, writes under date October 29 that, according to advice received from the Surinaamsche Bank, Paramaribo, importations into Dutch Guiana continue to be subject to import licence, and no foreign exchange is available for payment for goods bought outside Dutch Guiana unless an import licence is obtained. It is not necessary that this licence be attached to orders sent abroad or to drafts, but it is advisable that shippers abroad make certain that a licence has been obtained, otherwise no foreign exchange will be available, or at least a delay will result after arrival of the goods, until a licence can be obtained.

Iceland

CERTIFICATES OF ORIGIN NOT REQUIRED

Mr. D. S. Cole, Canadian Trade Commissioner in New York, writes under date October 31 that he has been advised by the Consul General for Iceland in New York that the requirements for certificates of origin for shipments to Iceland were cancelled about a year ago and that no alteration in this has since taken place. Consequently shipments can be accepted for transport to Iceland and imported there without a certificate of origin.

EXCHANGE CONDITIONS IN BOLIVIA

H. N. BURLEY, OFFICE OF THE CANADIAN TRADE COMMISSIONER

Santiago, November 5, 1942.—The buying rate of exchange is 46 bolivianos to the United States dollar, and the selling rate of 46.46 bolivianos has remained unchanged since June, 1941.

There is an ample supply of foreign exchange available, with no restriction on imports. Foreign exporters ship to accredited Bolivian importers on the basis of documents against payment.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING NOV. 9, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, November 9, 1942, and for the week ending Monday, November 2, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Nov. 2	Nominal Quotations in Montreal Week ending Nov. 9	Official Bank Rate
Great Britain.	Pound	4.8666			
	Buying		\$4.4300	\$4.4300	2
	Selling		4.4700	4.4700	—
United States.	Dollar	1.0000			
	Buying		1.1000	1.1000	1
	Selling		1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
	Bid		4.4200	4.4200	—
	Offer		4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
	Official		.3304	.3304	3½
	Free		.2637	.2635	—
Brazil	Cruzeiro (Paper)	.1196			
	Official		.0673	.0673	—
	Free		.0573	.0573	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
	Official		.0574	.0574	3-4½
	Export		.0444	.0444	—
Colombia.	Peso	.9733	.6328	.6328	4
Venezuela	Bolivar	.1930			
	Official		.3313	.3313	—
	Free		.3330	.3330	—
Uruguay.	Peso	1.0342			
	Controlled		.7307	.7307	—
	Uncontrolled		.5853	.5854	—
South Africa.	Pound	4.8666			
	Bid		4.3862	4.3862	3
	Offer		4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
	Bid		4.5380	4.5380	—
	Offer		4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
	Bid		3.5300	3.5300	3
	Offer		3.5760	3.5760	—
New Zealand.	Pound	4.8666			
	Bid		3.5440	3.5440	1½
	Offer		3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

C. H. PAYNE, Director

Argentina

J. A. STRONG, Commercial Attaché, Bartolome Mitre 478, Buenos Aires (1). (Territory includes Uruguay.) *Cable address, Canadian.*

Australia

Sydney: **L. M. COSGRAVE**. Address for letters—P.O. Box No. 3952V. Office—City Mutual Life Building, Hunter and Bligh Streets. (Territory includes the Australian Capital Territory, New South Wales, Queensland, Northern Territory and Dependencies.) *Cable address, Canadian.*

Melbourne: **FREDERICK PALMER**, 44 Queen Street, Melbourne, C.I. (Territory includes States of Victoria, South Australia, Western Australia, and Tasmania.) *Cable address, Canadian.*

Brazil

L. S. GLASS, Commercial Attaché. Address for letters—Caixa Postal 2164, Rio de Janeiro. Office—Ed. Metrópole, 7th Floor, Av. Presidente Wilson 165. *Cable address, Canadian.*

British India

PAUL SYKES. Address for letters—P.O. Box 886, Bombay. Office—Gresham Assurance House, Mint Road, Bombay. (Territory includes Burma and Ceylon.) *Cable address, Canadian.*

British West Indies

Trinidad: **G. A. NEWMAN**. Address for letters—P.O. Box 125, Port of Spain. Office—Colonial Life Insurance Building. (Territory includes Barbados, Windward and Leeward Islands, and British Guiana.) *Cable address, Canadian.*

Jamaica: **F. W. FRASER**, P.O. Box 225, Kingston. Office—Canadian Bank of Commerce Chambers. (Territory includes the Bahamas and British Honduras.) *Cable address, Canadian.*

Chile

M. J. VECHSLER. Address for letters—Casilla 771, Santiago. (Territory includes Bolivia.) *Cable address, Canadian.*

Cuba

J. L. MUTTER. Address for letters—Apartado 1945, Havana. Office—Royal Bank of Canada Building, Calle Aguiar 367, Havana. (Territory includes Haiti, the Dominican Republic, and Puerto Rico.) *Cable address, Canadian.*

Egypt

RICHARD GREW. Address for letters—P.O. Box 1770, Cairo. Office—22 Shari Kasr el Nil, Cairo. (Territory includes the Sudan, Palestine, Cyprus, Iraq, Syria, Iran and Turkey.) *Cable address, Canadian.*

Ireland

E. L. MCCOLL, 66 Upper O'Connell Street, Dublin, Ireland (*cable address, Canadian*); and 36 Victoria Square, Belfast, Northern Ireland.

Mexico

C. S. BISSETT. Address for letters—Apartado Num. 126-Bis, Mexico City. Office—Edificio Banco de Londres y Mexico, Num. 30, Mexico City. (Territory includes Guatemala, Honduras, and Salvador.) *Cable address, Canadian.*

CANADIAN GOVERNMENT TRADE COMMISSIONERS—*Con.*

Newfoundland

R. P. BOWER, Acting Trade Commissioner, Circular Road, St. John's. *Cable address, Canadian.*

New Zealand

C. B. BIRKETT, Acting Trade Commissioner. Address for letters—P.O. Box 33, Auckland Office—Yorkshire House, Shortland Street, Auckland. (Territory includes Fiji and Western Samoa.) *Cable address, Canadian.*

Panama

H. W. BRIGHTON. Address for letters—P.O. Box 222, Panama City. Office—98 Central Avenue, Panama City. (Territory includes the Canal Zone, Venezuela, Colombia, Nicaragua, Costa Rica, and the Netherlands West Indies.) *Cable address, Canadian.*

Peru

W. G. STARK, Acting Trade Commissioner. Address for letters—Casilla 1212, Lima. Office—Edificio Boza, Carabaya 831, Plaza San Martin, Lima. (Territory includes Ecuador.) *Cable address, Canadian.*

South Africa

Cape Town: J. C. MACGILLIVRAY. Address for letters—P.O. Box 683. Office—New South African Mutual Buildings, 21 Parliament Street. (Territory includes Cape Province and Southwest Africa, Natal, Tanganyika, Kenya, Uganda, Mauritius, Madagascar and Angola.) *Cable address, Cantracom.*

Johannesburg: H. L. BROWN, Acting Trade Commissioner. Address for letters—P.O. Box 715. Mutual Buildings, Harrison Street. (Territory includes Transvaal, Orange Free State, the Rhodesias, Mozambique or Portuguese East Africa, Nyasaland and the Belgian Congo.) *Cable address, Cantracom.*

United Kingdom

London: FREDERIC HUDD, Chief Trade Commissioner in the United Kingdom, Canada House, Trafalgar Square, S.W.1. *Cable address, Sleighing, London.*

London: J. A. LANGLEY, Trade Commissioner, Canada House, Trafalgar Square, S.W.1. (Territory includes Home Counties, Southeastern Counties, and East Anglia; also British West Africa.) *Cable address, Sleighing, London.*

London: W. B. GORNALL, Fruit Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Canfrucum.*

London: G. R. PATERSON, Animal Products Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Agrilson.*

Liverpool: A. E. BRYAN, Martins Bank Building, Water Street. (Territory includes North of England, Lincolnshire, North Midlands, and North Wales.) *Cable address, Canadian.*

Bristol: JAMES CORMACK, Northcliffe House, Colston Avenue. (Territory includes West of England, South Wales, and South Midlands). *Cable address, Canadian.*

Glasgow: G. B. JOHNSON, 200 St. Vincent Street. (Territory covers Scotland.) *Cable address, Cantracom.*

United States

Washington: H. A. SCOTT, Commercial Attaché. Office—Canadian Legation.

New York City: D. S. COLE, British Empire Building, Rockefeller Center. (Territory includes Bermuda.) *Cable address, Cantracom.*

Chicago: M. B. PALMER, Tribune Tower, 435 North Michigan Avenue. *Cable address, Canadian.*

Los Angeles: T. J. MONTY, Acting Trade Commissioner, Associated Realty Building, 510 West Sixth Street. *Cable address, Canadian.*

Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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AUSTRALIA'S WAR BUDGET FOR 1942-43

I

L. M. COSGRAVE, CANADIAN TRADE COMMISSIONER

(£A1 equals approximately \$3.55 Canadian)

Sydney, September 7, 1942.—The Commonwealth budget for the fiscal year ending June 30, 1943, placed before the Australian Parliament on September 2, amounts to £A549,000,000 (\$1,948,950,000)—the highest in the history of the Commonwealth and far exceeding the previous record budget of £A325,000,000 (\$1,153,750,000). This new budget is more than the total public debt of all the states of the Commonwealth.

The new budget has been rightly termed by the Prime Minister, the "austerity budget", designed to bring all classes of Australian people under total war conditions. Comparison with the budgets of certain other nations, both Allied and Axis, indicates how heavy are Australia's war commitments. Britain's 1943 budget is £5,286,000,000, of which £4,500,000,000 will be for war; this is 50 per cent of national income, or approximately £100 per capita. The United States 1942 budget is £24,062,000,000 and will be £28,150,000,000 in 1943; this is 50 per cent of national income, or about £200 per capita. Germany's 1941 budget was estimated at £8,937,000,000, or 72 per cent of national income, and Japan is spending 50 per cent of national income on war.

Of the total of £A549,000,000 provided for, the Commonwealth will require a war expenditure alone of an estimated £440,000,000 (\$1,562,000,000), and the Commonwealth Treasurer has emphasized that even this estimate may be exceeded. Non-war expenditure is estimated at £A109,492,000 (\$388,696,600), an increase of £A8,086,000 (\$28,705,300) over that for the preceding year.

Total revenue from all sources is expected to amount to £A249,000,000 (\$883,950,000), leaving a balance of £A300,000,000 (\$1,065,000,000) to be raised. 1942

The Commonwealth Treasurer states that £A240,000,000 (\$852,000,000) of this balance must be realized by public loans, and the remaining £A60,000,000 (\$213,000,000) by the sale of savings bonds and war savings certificates.

NEW TAXATION

Of importance to the Australian public as a whole is the announcement that greatly increased excise duties will be imposed on tobacco and liquor, while the overriding federal entertainment tax—applicable to all forms of public entertainment such as motion pictures and the legitimate theatre—will be much higher than the existing state entertainment tax. The Commonwealth Treasurer stated that, on the new basis, taxation will have been trebled since the last pre-war year (1938-39). The following table shows the growth year by year of direct and indirect taxation:—

Yearly Increases in Australian Taxation

	Direct Taxation £Am	Indirect Taxation £Am	Total £Am
1938-39 (pre-war)	15	59	74
1939-40	22	68	90
1940	50	75	125
1941-42	94	87*	181
1942-43 (estimate)	125	96*	221

* Includes war postage tax and telephone charges.

The Commonwealth Treasurer, in a statement concerning this remarkable change in the relative importance of direct and indirect taxation, expressed the opinion that the former is to be preferred in that the burden falls directly on the taxpayer; repercussions on costs and prices are in this way less than those imposed by indirect taxation. He further pointed out that during the last financial year the Government had found it necessary to impose additional taxation on three occasions—in October and December, 1941, and in May, 1942. Some of these taxes were in operation for only a part of last year, and the 1942-43 period will be the first complete year in which full effect will be realized. The additional amount of taxation estimated to be collected last year was £A33,200,000 (\$117,860,000), but the estimated additional collection on a full year of operation is £A58,520,000 (\$207,966,000). The following table shows details of the 1941-42 yields and particulars of estimated collection on a complete year of operations:—

Australian Revenue from Taxation

	Estimated Revenue 1941-42 £A 1,000	Estimated Revenue 1942-43 (full year) £A 1,000
Direct taxation:		
Income tax—		
Individuals	14,400	28,900
Companies	8,500	9,000
Wartime company tax	3,200	3,800
Estate duty . . . . .	....	650
Gift duty	250	500
Land tax	500	500
	<hr/> 26,850	<hr/> 43,350
Indirect taxation:		
Customs and excise	2,350	3,500
Sales tax	2,500	9,670
Postal charges	1,500	2,000
	<hr/> 6,350	<hr/> 15,170
Totals	<hr/> 33,200	<hr/> 58,520

Some indication of the additional burden to be placed on the Australian people is also apparent from a comparison with the 1941-42 budget, in which total revenue reached £A210,041,000 (\$745,645,000). War expenditure during that period amounted to £A319,511,000 (\$1,134,264,050) and non-war expenditure to £A101,406,000 (\$359,991,300), leaving a deficit of £A210,976,000 (\$748,964,800). This deficit was met by £A126,852,000 from public loans and war savings certificates, £A5,596,000 from temporary use of Treasury balances, and £A78,428,000 from Treasury bills discounted with the Commonwealth Bank.

No immediate increase in existing income tax or wartime company tax is contemplated. Revenue from these sources is expected to amount in the year 1942-43 to £A106,326,000 (\$377,457,300), an increase of £A28,762,000 on the previous year, based on the complete-year operation of rates imposed in December, 1941. The estimated total yield from taxation for 1942-43 is £A219,000,000 (\$777,450,000), or £A39,000,000 (\$138,450,000) more than for the previous year.

UNIFORM TAX PLAN

Recent legislation introduced by the Commonwealth Government is of outstanding importance in the country's financial history. The plan of uniform taxation approved by Parliament will replace the former multiple taxation systems of the Commonwealth and of the separate states and will operate for the duration of the war and one year thereafter. The Commonwealth will now become the sole taxing authority, and will collect all income tax revenue formerly collected by the separate states in addition to taxes imposed by itself. In consideration of their vacating the field, the Commonwealth Government is to pay annual compensation to each of the states equivalent to the average of that state's collections for the financial years 1939-40 and 1940-41. The grants have been fixed as follows: New South Wales, £A15,356,000; Victoria, £A6,517,000; Queensland, £A5,821,000; South Australia, £A2,361,000; Western Australia, £A2,546,000; Tasmania, £A888,000.

WAR EXPENDITURE

Although complete details of Australia's war expenditure are, for security reasons, not available, it is stated that the estimate for 1942-43—£A440,000,000 (\$1,562,000,000)—does not include equipment that will be received from the United States under lend-lease terms but that it does include a substantial sum to cover reciprocal aid in the form of supplies and services to United States forces in the Commonwealth. These arrangements are expected to be established on a formal basis in the near future. Of interest is the statement that arrangements recently made by the Australian Minister for External Affairs with the Chancellor of the Exchequer in London included an understanding that overseas obligations which cannot be met currently will be postponed until after the war.

Attention was also called by the Commonwealth Treasurer to the fact that the latest increase in soldier's pay and dependent's allowance will involve an additional expenditure of £A10,500,000 (\$37,275,000) per annum and that the cost of taxation concessions to servicemen will amount to £A1,000,000 (\$3,550,000).

NON-WAR EXPENDITURE

The official estimate for non-war expenditure—£A109,492,000 (\$388,696,000)—exceeds the 1941-42 estimate by approximately £A8,000,000 (\$28,400,000). A large proportion of this increase will be applied to social services such as invalid and old-age pensions, widows' pensions, child endowment, and maternity allowances. The Commonwealth Treasurer, in his budget speech, dealt at some length with the efforts being made by the Government to maintain and extend social services through a constructive, long-range view of this important

civil obligation, despite intensified demands in connection with the country's war effort. After stating that the sum of £A3,143,000 (\$11,157,650) will be spent on old-age and invalid pensions during 1942-43, the Treasurer recalled that the decision to increase the maximum rate of old-age and invalid pensions to 23s. 6d. per week became effective in December, 1941. Further legislation was passed in May of this year increasing the maximum pension rate to 25s. per week. This rate is subject to variation in accordance with movements in the retail prices index, but it cannot be reduced below 25s. without the approval of Parliament. In accordance with the recent rise in retail prices, the rate will be increased to 25s. 6d. per week on October 1, 1942. The total cost of new benefits under this heading this year is estimated at £A925,000 (\$3,283,750). Allowing for a normal increase in the number of pensioners and the cost-of-living increase from October 1, 1942, the total cost of old-age and invalid pensions for 1942-43 is estimated at £A22,400,000 (\$79,520,000) as compared with £A19,257,000 (\$68,362,350) for the preceding year.

The Widows' Pensions Act, which became law in June, 1942, ensures that approximately 30,000 widows will receive government assistance at a cost of £A1,630,000 (\$5,786,500) during the 1942-43 period.

Child Endowment, in its first year of operation (1941-42) cost £A11,303,000 (\$40,125,650). Now fully established, it is estimated to cost £A12,060,000 (\$42,813,000) for a complete year.

GOLD MINING IN SOUTH AFRICA

H. L. BROWN, ACTING TRADE COMMISSIONER

II. Economic Importance of the Industry

SOUTH AFRICAN PRODUCTION

The following table, based on the annual reports of the Transvaal Chamber of Mines, gives production data for the past ten years. Clearly shown are: the increase in production since 1932; the degree to which this increase was mainly in low-grade ore, as reflected by the recovery per ton; the enhanced price resulting from factors already discussed; and the cumulative effect of these increases on the total value of production. Average price, in terms of shillings and pence to two decimal places, includes realization costs. The figures of production for 1932-34 do not take into consideration the output of two mines which at that time fell into the category of "outside" (i.e. non-group) producers.

Extent and Value of Gold Production in South Africa

Year	Ore Crushed Tons	Gold Recovered		Average Price Per Oz. Fine s. d.	Total Value £
		Dwt. Per Ton	Total Oz. Fine		
1932	34,466,750	6.481	10,987,341	84 11.45	46,525,453
1933	36,383,800	5.685	10,413,473	124 8.75	64,606,640
1934	39,139,900	4.996	9,859,679	138 0.17	67,772,595
1935	44,234,650	4.729	10,564,904	142 0.84	74,413,919
1936	48,221,120	4.569	11,117,327	140 3.23	77,367,036
1937	50,725,750	4.462	11,445,087	140 8.48	79,712,658
1938	53,834,150	4.349	11,839,077	142 6.39	83,620,595
1939	58,340,200	4.234	12,495,111	148 8.42*	92,281,219
1940	64,515,350	4.196	13,683,418	168	114,207,553
1941	67,255,450	4.130	14,039,912	168	116,978,499

* Between January 1 and August 31; thereafter, until the end of the year, 150s. per oz. fine.

In the past ten years the rate of ore crushing has practically doubled so that, although the average grade of ore has dropped by no less than 2.351 dwt. per ton, the output of gold has risen by 28 per cent to last year's record of 14,039,912 ounces fine.

WORLD PRODUCTION OF GOLD

At this point it is helpful to consider South African production in relation to world production. The following table, compiled by the Union Corporation, Ltd., and published by the Chamber of Mines of Rhodesia, shows world output of gold from 1935 to 1941 in thousands of fine ounces; the totals for 1940 and 1941 are estimates:—

Gold Production of the World

	1935	1936	1937	1938	1939	1940	1941
	Figures in Thousands of Fine Ounces						
South Africa	10,774	11,336	11,735	12,161	12,822	14,047	14,390
Canada	3,285	3,748	4,096	4,725	5,094	5,311	5,322
Australia	915	1,179	1,381	1,592	1,646	1,644	1,500
Gold Coast	359	428	559	675	782	886	885
S. Rhodesia	726	797	804	814	796	826	790
India	328	333	332	322	317	289	286
New Guinea	184	221	217	236	246	270	250
New Zealand	165	165	168	152	179	180	190
Tanganyika	52	70	75	82	130	140	150
Fiji	7	17	25	92	109	116	115
Kenya	23	38	51	69	77	77	75
British Guiana	30	32	36	38	36	33	34
Federated Malay States	30	38	34	40	40	36	32
Sierra Leone	31	38	36	30	34	32	30
Elsewhere	135	162	166	176	167	163	151
Total British Empire	17,044	18,602	19,715	21,204	22,475	24,050	24,200
United States	3,163	3,760	4,112	4,245	4,621	4,802	4,720
U.S.S.R.	4,500	5,400	5,000	5,000	4,500	*	*
Philippines	446	597	692	844	991	1,112	1,200
Korea	473	562	800	1,000	1,030	*	*
Mexico	632	754	846	924	842	883	860
Japan	589	715	723	760	820	*	*
Colombia	329	389	442	521	570	632	660
Congo	376	402	430	473	495	*	*
Peru	111	152	205	260	272	288	300
Chile	266	249	273	294	325	340	280
Sweden	219	158	193	198	216	*	*
Roumania	150	160	176	161	211	*	*
Brazil	119	125	146	148	144	148	150
French West Africa	126	116	128	127	130	*	*
Venezuela	112	110	117	115	147	145	145
Elsewhere	919	902	926	1,070	1,144	*	*
World total	29,624	33,153	34,924	37,344	38,933	40,900	41,000
British percentage of total	57.5	56.1	56.5	56.8	57.7	58.8	59.0
South African percentage of total	36.4	34.2	33.6	32.6	32.9	34.3	35.1

* Figures not available.

TAXATION

The taxation policy of the Union Government in relation to gold mining has been changed from time to time, partly because of the formerly fluctuating price of gold and more recently because of national wartime requirements. Before 1932 the gold-mining companies paid a tax of 3 shillings in the pound on profits. The advent of the high price of gold brought an increase of this tax to 4 shillings in the pound. The Government's budget for 1933 introduced a form of taxation on the basis of a sliding scale related to the premium on the price of gold. This resulted in the Government being assured of 70 per cent of the total profit resulting from the difference between the former and the new price of gold. The mining industry made representations, and in 1936 the present formula was introduced whereby taxation is based on the relationship between profit and revenue—a formula designed to encourage the mining of lower-grade ores. With the change of government just after war broke out in September, 1939, the present form of special contribution was instituted. The rate has gradually risen from the original 9 per cent of gross profits to the prevailing 20 per cent.

DIVIDENDS

In 1932 there were thirty-three producers that paid dividends totalling £8,978,995 on an aggregate issued capital of par value slightly over £37 million; the ratio of dividends to capital was therefore in the neighbourhood of 24 per cent. In 1941 the forty-five principal gold producers on the Rand distributed £18,753,985 on a total capitalization, par value, of £59,581,835; the ratio of dividends to capital, again par value, was thus about 32 per cent. This comparison must be modified by the fact that it is based on data which do not take into consideration unproved mines or fruitless development work that has cost large sums of money, nor have any allowances been made for the large sums appropriated from profits for capital expenditure, etc. Then, too, on the subject of "par value," shares often command a market premium. For example, Sub-Nigel, possibly the richest single mine, offered nominal 10-shilling shares to shareholders at £8; the premium as well as the actual share value, in other words the whole £8, became part of the working capital of the mine.

There is a further interesting comparison in the ratio between the value of gold produced and the money distributed in dividends. In 1932 gold output was valued at about £46,500,000, and dividends totalled nearly £9 million; the dividends were equivalent to 19 per cent of the value of the output. In 1941, with the output valued at nearly £117 million and dividends amounting to about £18,750,000, the ratio between dividends and value of output had decreased to 15.4 per cent.

IMPORTANCE OF GOLD MINING

In the introductory section of this report there is a brief reference to the importance of gold mining in the economy of the Union of South Africa. It is therefore appropriate that more detailed information be supplied. The Government Commission on low-grade ore reported in 1931 that "about one half of the population of South Africa obtains its livelihood directly or indirectly from the gold-mining industry and about one half of the Government finances of the Union is derived directly or indirectly from the gold-mining industry". No official figures with respect to the proportion of the population obtaining its livelihood from the industry have since been published, but the nation's dependence on the industry has probably increased. It is certainly true that without the gold mines secondary industries in South Africa would be on a limited scale, sufficient only to meet the requirements of an agricultural community in a country of comparatively low agricultural potential. The economic importance of the gold-mining industry has been described by the Industrial and Agricultural Requirements Commission* in its Third Interim Report (1941) in the following terms:—

It is not possible to isolate, statistically or geographically, the stimulus to economic development imparted by the gold-mining industry from the expansive effect of favourable world conditions or of measures applied by the State. The correspondence between the rate of increase in gold-mining revenue and expenditure and the rate of progress of other branches of South Africa's economic system is, however, so close as to confirm strongly that gold mining has become dominant in the local situation. During the depression, when other industries curtailed their operations and personnel, the modification of gold-mining costs as a result of reduced commodity prices enabled the gold-mining industry to offer more employment and to increase its expenditure. No other country had such a powerful stabilizing force to come into operation automatically when economic conditions deteriorated. The subsequent rise in the price of gold gave a rapid fillip to the community's purchasing power and, in conjunction with the multiplier effect on total income of the increased capital expenditure of the gold mines, it has been the main factor in the general economic progress made by the Union in all directions since 1933.

* This Commission was appointed by the South African Government shortly after the outbreak of war to survey the Union's industrial and agricultural requirements and to inquire into the development of its resources.

In another section of the same report the Commission states, with regard to the relationship of gold production to overseas trade, that:—

Out of total yearly exports of £140-£150 million, gold now accounts for over £110 million. Gold production is, therefore, vital for the maintenance . . . of imports at their present level. In the latter connection it must be borne in mind that, owing to the disparate price trend of primary products and manufactured goods, the Union has for years been getting less and less in return per unit for its non-gold exports, which are mainly of agricultural origin, but the overall terms of trade have remained in the Union's favour due to large gold exports.

MINE EXPENDITURE

The Commission has taken into account the ramifications of the effect of gold production on the economy of the country. It is sufficient for the purpose of this report to mention facts related to mine expenditures which will indicate primary reasons why gold production has brought prosperity to South Africa.

During the past decade the working costs of the gold mines on the Witwatersrand have risen by more than 117 per cent, from £32,755,157 in 1932 to £71,133,456 in 1941. By far the greater part of this total represents money placed in circulation in South Africa. In the first place the gold mines give employment directly to over 41,000 Europeans and some 368,000 natives, paying salaries and wages which totalled £32,779,300 in 1941. The total expenditure on stores* in 1941 was £34,297,175, of which 75 per cent was for goods of South African origin.

Apart from such general expenditures, the gold mines have in recent years made direct contributions to the revenue of the Union Government as shown in the following table:—

Direct Contributions by the Mines to the Revenue of the Union Government

	Income Tax £	Lease, Share and Similar Payments £	Licences etc. £	Special Payments £	Total Mines' Payments to Government £	Total Revenue of Government £
1931-32	1,181,877	2,283,808	302,988	.....	3,768,673	30,223,000
1939-40	10,232,509	3,575,773	322,893	2,886,294	17,017,469	55,485,000
1940-41	14,729,058	4,037,689	324,189	7,649,534	26,740,470	74,000,000
1941-42	14,447,979	3,499,122	349,202	9,032,559	27,328,862	91,000,000

With regard to the special payments, that of 1939-40 was the Emergency Regulation Appropriation. In 1940-41 the total was made up of Emergency Regulation, £453,978; Gold Realization, £2,447,798; and a special payment of £4,747,758. In 1941-42 the total was made of Gold Realization amounting to £2,303,747 and a special payment of £6,728,812. Comparison of the data supplied for the various years indicates that the direct contribution by the mines to total government revenue in 1931-32 was 12½ per cent; by 1941-42 the proportion had increased to over 30 per cent.

GOVERNMENT ATTITUDE TOWARD GOLD MINING UNDER WAR CONDITIONS

With regard to the question of the importance of gold mining in the economy of South Africa, members of the Government of the Union have made public statements on a number of occasions to the effect that the continuance of this industry in South Africa is essential to the well-being of the country. On September 14 Colonel C. F. Stallard, Minister of Mines, speaking at Pietermaritzburg, stated that "it has been said by a responsible commission that from 50 per cent to 60 per cent of the economic activities of the Union are dependent upon the Witwatersrand. We must try to preserve the resources of the gold mines. If the mines were destroyed, there would be a disaster in South Africa of the greatest possible magnitude, and the standard of living of every individual would be reduced". (*Rand Daily Mail* of September 15, 1942).

* A report detailing the stores purchased in 1941 by all South African mines was published in *Commercial Intelligence Journal* No. 2022 (October 31, 1942), page 392.

Mr. J. H. Hofmeyr, Minister of Finance, at a meeting of the Chemical, Metallurgical and Mining Society in Johannesburg on September 9, spoke as follows: "I am amused by those people who say we must curtail the production of gold and intensify the country's war effort. Had it not been for gold the war effort would have been noticeably less than it is to-day. Our war effort is not limited to the supply of men and the production of munitions. It includes many other services essential for the maintenance intact of our economic structure, the cornerstone of which is the gold-mining industry." (*Johannesburg Star* of September 10, 1942).

Mr. Hofmeyr described the vital part which gold plays in maintaining the exchange position between the sterling and non-sterling blocs, saying that last year, after the lease-lend scheme had come into operation, the United Kingdom Government informed the Union Government that South Africa's gold is one of the most valuable contributions the Union is making to the common war effort.

POLITICAL IMPORTANCE OF GOLD MINING

Mr. Hofmeyr also pointed out on the same occasion that the maintenance of gold production has a stabilizing effect not only on the economic position of the country but also on the direction of its political activity. Because South Africa has no homogeneous public opinion in regard to participation in the war, the country is much more sensitive to the dislocation of its economic system than is any other belligerent state. The deliberate curtailment of gold production, therefore, would not only have a serious effect on the areas immediately concerned but would be felt throughout the country. The Minister stated that there are those who await the opportunity that such an event would afford them to stimulate their campaign for South Africa's neutrality or for the conclusion of peace; he emphasized this point by saying: "South Africa occupies an understandingly important strategic position in relation to the cause of the United Nations. We should not take any course which would involve the risk of South Africa no longer being able to fill the role which it does to-day."

ATTITUDE OF MINES TOWARD CONTINUED PRODUCTION

It is to be expected that the mines themselves would desire to continue producing gold as long as possible. The consensus of mine opinion is expressed in the statement by Mr. G. Carleton Jones, President of the Transvaal Chamber of Mines, at the meeting of the Chemical, Metallurgical and Mining Society in Johannesburg on September 9, when he said, in part, as follows:—

Of late there has developed in certain uninformed quarters the opinion that it would be helpful to the war effort if the industry were to suspend operations. Although it is clear to me that suspension of operations would be a national catastrophe, it is frequently alleged that the industry insists upon maintaining output in its own interests and not in the interests of South Africa at war. The allegation is unfounded, for the industry is guided in its policy by the wishes of the Government. When war broke out it was decided by the industry, with the full approval of the Government, to maintain its output as far as possible, and that policy remains unchanged. If the Government wished otherwise, the industry would act accordingly.

In addition to carrying on its "proper" task, as the Prime Minister so aptly put it in a recent broadcast to the nation, the mining industry has released well over 7,000 men for full-time military service, co-operates in the training of another 5,000 men for home defence, and produces munitions at cost in quantities that are limited only by the equipment and supplies available. The industry has also responded willingly to requests for the release of skilled artisans to engage in other forms of national service, and has assisted the collieries of this country and the copper-mining industry in Northern Rhodesia in the supply of manpower as required.

So far as the base-metal industry in South Africa is concerned, I think I can safely say that all the mining houses in Johannesburg are well aware of such economic potentialities as this industry may possess in this country, and further that these mining houses are only too glad under war conditions to co-operate in every possible way, apart altogether from economic considerations, in the production of such base metals as are required for the successful prosecution of the war. (*Johannesburg Star* of September 10, 1942).

WHEAT PRODUCTION IN SOUTHERN RHODESIA

H. L. BROWN, ACTING TRADE COMMISSIONER

Johannesburg, October 2, 1942.—Southern Rhodesia is not a large producer of wheat, and in fact in normal years, to supplement domestic production, from 230,000 to 410,000 bushels valued at approximately \$300,000 to \$440,000 are imported annually. Most of the wheat flour requirements of this country are supplied from local mills, annual imports of this product being valued at only a few thousand dollars.

Wheat is the most important of the winter-grown crops of Southern Rhodesia; production during the months of summer rainfall has not met with success owing to the susceptibility of this product to rust. The main wheat-growing areas are primarily in those districts in which conditions permit the raising of this crop by dry-farming methods during the rainless winter months. The lands found most suitable are those too swampy to be worked in the summer but which retain sufficient moisture during the winter. Wheat is also grown where irrigated lands can be made available, but the acreage is only 20 to 25 per cent of the total planted to wheat. Nevertheless a much higher yield per acre is obtained from the irrigated land thus used, mainly because the water supply can be regulated to suit the crop.

ANNUAL PRODUCTION

The following table summarizes the number of growers, the area planted, the yield per acre and the annual production of wheat during the past ten years:—

Wheat Production in Southern Rhodesia

	No. of Growers	Area Acres	Yield per Acre Bushels	Production Bushels
1932	489	14,053	9.0	126,363
1933	484	16,675	6.3	106,425
1934	464	16,401	5.1	85,782
1935	521	20,588	6.3	130,008
1936	529	22,282	7.5	174,297
1937	500	21,946	6.0	128,925
1938	413	17,652	6.0	106,716
1939	424	17,416	9.0	157,062
1940	422	19,818	8.1	163,329
1941	377	17,797	6.9	123,627

The official government figures give yield per acre and total production in terms of bags; these have been converted to bushels by the use of the approximate equivalent of 3 bushels per bag, although this may result in a slight underestimate of the actual production.

During recent years over 85 per cent of the total number of growers of irrigated wheat cultivated 50 acres or less, while about 58 per cent of the growers of non-irrigated wheat were in the same group. Less than 2 per cent of the growers of irrigated wheat cultivated over 100 acres as compared with about 12 per cent of the growers of non-irrigated wheat. From 1932 to 1936 the increase in acreage devoted to wheat was mainly due to steps taken by the Government to promote interest in this crop by a guaranteed price and by advice on cultivation and seed. It will be noted that since 1936 there has been a reduction in the acreage sown but that during the past four years the total has remained fairly constant. Fluctuations are the result of the usual conditions of weather, market for other products and so forth.

PRELIMINARY ESTIMATE OF 1942 CROP

The number of growers this year is estimated at 323, a decrease of 54 from the number in 1941. The total area under wheat is estimated at 15,381

acres, which is a reduction of 2,416 acres as compared with 1941. The season has proved rather similar to and as disappointing as that of 1941. The rains stopped much too early and, in consequence, growers have reported a deficiency of moisture in the dry-farming areas. Even in the irrigated areas a shortage of water has been reported in a number of cases but, as there has been a small increase in the irrigated area planted, it is expected that the production from such areas will be higher than in 1941. The preliminary official estimate indicates that the crop will approximate 38,000 bags, or about 114,000 bushels, which is some 10,000 bushels less than production in 1941. The attainment of the estimated yield is dependent on favourable conditions, particularly on the non-occurrence of late frosts and depredations by locusts.

The types of wheat favoured in Southern Rhodesia are Punjab, Montana, Karachi, Kenya Governor, and Jubilee, with lesser proportions of Klein Koren, Sabanero, Beltista, Kruger, and Early Gluyas, preference being in the order listed.

BUSINESS CONDITIONS IN CHICAGO AND DISTRICT

M. B. PALMER, CANADIAN TRADE COMMISSIONER

Chicago, October 28, 1942.—The Federal Reserve Bank of Chicago, reporting for September for the Seventh Federal Reserve District (comprising Michigan, Indiana, Illinois, Iowa and Wisconsin), states that, while record crops were being produced throughout the district, industrial production continued to advance during August, although still handicapped by erratic flows of materials and by unbalanced production schedules. Increases in employment raised the level back to where it was a year ago, but payrolls were carried to unprecedented heights, exceeding any ever recorded.

CROPS

The largest corn crop in twenty-two years and the third largest on record was indicated on September 1; the prospective production is 3,015,915,000 bushels. If this prospect materializes, the crop will be 13 per cent larger than that produced in 1941 and 31 per cent above the ten-year average of 1930-39. The states of the Seventh District are expected to produce 1,334,746,000 bushels, or 44 per cent of the total for the United States.

The indicated production of wheat is 981,793,000 bushels, which is nearly 4 per cent larger than last year's crop and second in size to the billion-bushel record of 1915.

Production of oats is placed at 1,353,431,000 bushels, which is 15 per cent greater than the 1941 crop and 34 per cent above the ten-year average.

Prospective production of soybeans is the largest on record, although early frosts may have damaged the crop somewhat. Total production is estimated at 211,452,000 bushels as compared with the 1941 figure of 106,712,000 bushels. Illinois leads with 75,196,000 bushels, Iowa is second with 43,366,000 bushels, and Indiana is third with 29,400,000 bushels. The four states in this district where soybeans are grown are expected to produce 72 per cent of the entire crop.

EMPLOYMENT AND PAYROLLS

Total manufacturing employment is still slightly below the all-time peak reached in September, 1941, when the index stood at 146. During the conversion period this index fell rapidly, reaching a low of 133 in February of this year, where it remained with little change until early May. A rapid rise set in during June, and the index moved up to 143 by the middle of August.

Total manufacturing payrolls have outdistanced employment. With the exception of a slight recession which occurred in February, the index of payrolls

has continued a steep upward climb, reaching 205 on August 15. This is by far the highest point reached in payrolls in the district and compares with the peak of 135 in 1937 and 130 in the boom year 1929. Longer working hours and time-and-a-half for overtime account in considerable part for the rapid rise in payrolls. Michigan leads with a gain of 3.3 per cent in employment and 7.1 per cent in wage payments during the period July 15 to August 15. Indiana was second with a gain of 3.1 per cent in employment and 5.9 per cent in payrolls. Illinois reported an increase of 2.9 per cent in employment and 5 per cent in payrolls. In Iowa, the gain in employment in the durable goods industries was sufficient to more than offset the loss in the non-durable, with the result that there was a net gain of 1.1 per cent. Payrolls in that state, however, increased by 4.5 per cent. The only loss in employment was reported from Wisconsin, where it declined by 1.5 per cent. Higher wage rates and longer hours, however, caused payrolls to rise by 2.4 per cent.

INDUSTRIAL PRODUCTION

Industrial production gains have been spotty. Except for a slight upturn at the end of the month, production of steel mills in the district hovered near the 100 per cent of capacity mark. While this is still a creditable record, it indicates a gradual fall from the very high levels attained earlier in the year.

COAL

The tonnage of bituminous coal mined during the month of August was 6 per cent larger than in July and 13 per cent greater than in August of 1941. For the eight months to date, production has been 20 per cent ahead of a year ago.

CONSTRUCTION

The largest monthly total of construction contracts ever awarded in this district was reported in August, totalling 210 million dollars in value. More than 90 per cent of this amount represented publicly owned projects, as industrial plants accounted for 130 million dollars of the total. A large portion of the new plant facilities is to be located in Indiana and Wisconsin. Residential awards remained at a low level despite the fact that they were supported by an increasing volume of public funds.

CONDITIONS IN THE CUBAN AND DOMINICAN REPUBLIC DRIED AND SMOKED FISH MARKET

J. L. MUTTER, CANADIAN TRADE COMMISSIONER

Cuba

Havana, November 1, 1942.—The fish trade between Canada and Cuba continues at a complete standstill, with little prospect of any change for the better in the near future.

HAVANA MARKET

Offers were made recently by Canadian exporters of imperial, large, and medium cod of \$16, \$15.50 and \$15 respectively f.o.b. Canadian port, for possible early direct shipment in a Canadian schooner, reported to have been purchased by Cuban interests. The freight rate, however, set at \$3.50 per 100 pounds, made landed costs too high for profitable business under the fixed retail price ceiling established by the Cuban Price Control Board. It would appear that this Board does not regard codfish as an article of prime necessity, as otherwise, presumably, continued free trade in the commodity would have been allowed

or, alternatively, some provision would have been made, possibly in the form of a subsidy, to assist importers to cope with a situation under which the buying price is subject to fluctuation while the selling price is fixed. Seemingly, while present conditions prevail, the Cuban market for codfish is to all intents and purposes closed to the Canadian exporter. As a matter of interest, it is reported that the aforementioned vessel was diverted from Havana to Puerto Rico and there delivered a large cargo of the cheaper grades of Canadian dried and pickled fish.

A cargo of 1,700 bales, more or less, of Icelandic fish, sold to the Havana market some six months ago and held up at a United States Atlantic port for lack of shipping space, has only just reached this port, but its condition is such that it will be difficult to sell at any price. So far as can be determined, there have been no further offers of Icelandic fish since the closing of the aforementioned contract, nor is it anticipated that that country's position in relation to the Cuban market will differ in any way from that of Canada under present shipping conditions.

SANTIAGO DE CUBA

According to dealers in this centre, there have been no imports of fish since the subject was previously reviewed. (See *Commercial Intelligence Journal* No. 2017: September 26, 1942, page 297.) Offers have been made at \$16 and \$15.50 for medium and small respectively, f.o.b. Lunenburg, per drum of 128 pounds, but high shipping costs have precluded the possibility of any business.

Dominican Republic

There have been no arrivals of salt fish at Ciudad Trujillo since the publication of the previous report on this subject, due mainly to the scarcity of shipping space. Sales in this market have been confined to small lots on the spot, which have been quoted at \$20 to \$21 per drum of 128 pounds net, duty paid, according to quality. Canadian prices have been regarded by dealers as very high, and they are of the opinion that, even if supplies were available, the demand would remain small, as consumers of salt fish cannot afford to purchase it at prices of \$25 per 128 pounds and upwards.

There have been no arrivals of bloaters, and there are no local stocks of these fish. It is considered that to-day's value is in the neighbourhood of \$2 c.i.f. per box of 18 pounds net.

THIRD OFFICIAL ESTIMATE OF ARGENTINE GRAIN CROPS, 1942-43

Mr. W. B. McCullough, Assistant Commercial Attaché at Buenos Aires, writes under date October 26 that the Argentine Department of Agriculture has issued its third official estimate of the acreage sown to grain crops for the current year. This report shows that the total area sown to grain, exclusive of corn, amounts to 29,971,474 acres as compared with 33,056,010 acres in 1941-42, a reduction of 9.3 per cent.

Comparative figures of acreages sown in recent years are shown in the following table:—

Argentine Crop Acreages

	3rd Estimate Acres	1942-43 2nd Estimate Acres	1st Estimate Acres	1941-42 Acres	10-Year Average Acres
Wheat	16,302,000	16,055,000	15,808,000	18,031,000	18,705,001
Linseed	6,002,100	6,100,900	6,088,550	6,743,100	7,300,749
Oats	3,327,090	3,329,560	3,317,210	3,517,280	3,603,048
Barley	1,837,680	1,852,500	1,845,090	1,971,060	1,897,326
Rye	2,371,200	2,413,190	2,410,720	2,660,190	2,405,933
Birdseed	131,404	125,970	123,500	133,380	133,592

CORN PRODUCTION IN 1941-42

The final figures for the 1941-42 corn production were published by the Argentine Department of Agriculture on October 23. This report shows that the yield of corn was 355,668,580 bushels as compared with 403,070,060 bushels in 1940-41. The area sown was 12,350,000 acres, of which 10,099,089 acres were harvested. The average yield was 35.2 bushels per acre.

COMMODITY MARKETS IN BRAZIL IN 1941

II

L. S. GLASS, CANADIAN COMMERCIAL ATTACHÉ

Following are additional notes on commodities of interest to Canadian exporters, which were imported into Brazil in 1941:—

FURS AND PELTS

Imports of prepared fox furs decreased from \$264,956 to \$211,235. The United States continued to be the largest supplier with \$166,600 (\$157,752 in 1940). Shipments from Canada increased to \$32,440 (\$15,052). Argentina with \$5,400 (nil) and Great Britain with \$4,463 (\$76,794) supplied the remainder.

A sharp decrease was shown in imports of furs other than fox, from \$630,274 to \$68,300. Japan, with \$29,900 (nil), occupied first position among suppliers, while Great Britain with \$23,575 (\$92,437) moved from third to second place, followed by Argentina with \$10,300 (\$4,570), the United States with \$4,192 (\$18,440), and India with \$296 (nil).

TACKS AND NAILS

Tacks and nails, imports of which declined sharply in 1940, showed a considerable increase in 1941, from \$26,218 to \$50,956. The United States, showing a further increase, retained first position among sources of supply with \$31,690 (\$15,325 in 1940), while Great Britain remained in second position with \$6,120 (\$4,853). The remainder was supplied by Sweden, \$1,207 (\$2,022); Belgium, \$458; Japan, \$203; and Hungary \$47; Canada's contribution was negligible.

BARBED WIRE

Imports of barbed wire, which had decreased considerably in 1940, showed a heavy increase, from \$511,673 to \$968,605. The United States supplied almost the whole requirements of the market, with a total value of \$938,000 (\$484,971 in 1940), while Germany supplied the remainder \$23,230 (\$10,840).

IRON AND STEEL WIRE

A further reduction was recorded in imports of iron and steel wire, from \$2,072,544 to \$873,840. The United States continued to be the most important supplier, \$798,900 (\$1,575,097 in 1940). Japan was second with \$57,800 (\$348,720). Other suppliers were: Argentina, \$6,319 (\$8,734); Sweden, \$5,725 (\$6,281); Great Britain, \$2,030; Switzerland, \$2,030; and Belgium, \$1,533.

PAINTS AND VARNISH

Shipments of paints, which decreased in 1940, showed an increase in 1941, from \$29,732 to \$84,971. Almost the entire amount imported was from the United States, \$83,250 (\$21,982 in 1940); Great Britain, \$1,410 (\$3,254); and Japan, \$182 (\$2,739).

Imports of varnish also showed a considerable increase, from \$71,517 to \$141,764. The United States remained in first position among suppliers with \$131,000 (\$54,808 in 1940). Shipments from Great Britain decreased but, despite this decline, that country continued in second position with \$7,159 (\$13,534), followed by Canada, \$1,150 (nil). Italy, Hungary, and Argentina supplied small amounts.

COTTON MANUFACTURES

Imports of cotton manufactures of all kinds declined sharply in volume, from 144 to 70 tons, increasing, however, somewhat in value, from \$270,591 to \$284,785. The United States, with \$115,900 (\$92,460 in 1940), supplanted Great Britain as leading supplier with \$99,600 (\$113,310). Switzerland recorded an increase to \$55,450 (\$19,688), remaining in third place, followed by Japan with \$10,670 (\$9,843). Argentina, Portugal, and Germany shipped small amounts.

SILK YARN

A further increase was shown in imports of silk yarn, from 134 tons (\$1,143,445) to 172 tons (\$1,248,008). The bulk of the shipments were from Japan, which supplied a total of 149 tons valued at \$1,060,750 (104 tons at \$868,377 in 1940), while the United States supplied the remaining 23 tons valued at \$171,600 (25 tons at \$226,153).

LEATHER

Brazilian imports of leather are shown in the statistics under two headings: (1) kid leather, including chamois; and (2) hides and skins; the latter classification includes all other kinds of tanned or otherwise prepared leather.

A further decrease was shown in imports of hides and skins, from 12 tons (\$70,268) to 11 tons (\$65,314). The United States is credited with a considerable increase to \$31,100 (\$6,315 in 1940), supplanting Great Britain as leading supplier with \$26,000 (\$48,095). Argentina showed a decrease to \$5,790 (\$7,887) and moved from second to third place. Canada's shipments amounted to \$983 (nil), while Portugal and Bolivia supplied small amounts.

Kid leather imports increased from 6 tons (\$54,228) to 9 tons (\$72,651). The United States supplied 8 tons valued at \$63,000 (5 tons valued at \$36,379). The remainder was received from Great Britain, \$5,320 (\$5,740); and Argentina, \$4,260 (nil).

CORDAGE

Imports of cordage declined in volume from 9 to 8 tons but increased slightly in value, from \$8,647 to \$8,771. The United States continued as most important supplier with \$5,853 (\$4,680 in 1940), while Great Britain shipped the remainder, valued at \$2,918 (\$3,967).

CEMENT

Imports of cement, which in the face of the expanding local industry have steadily decreased over a number of years, showed a further decrease in volume from 14,896 tons to 9,942 tons, increasing, however, in value from \$185,070 to \$229,402. Imports from Argentina were valued at \$130,400 (\$1,258 in 1940), followed by those from the United States valued at \$85,500 (\$5,471). Great Britain, showing a sharp decline in contribution to \$11,890 (\$159,948), moved from first to third place among suppliers, while Uruguay shipped the remainder, valued at \$1,000.

The cement industry in Brazil started in 1926, when 97.7 per cent of consumption requirements was imported; in 1941 this percentage was only 2.3. Local production in 1941 amounted to 767,506 tons as against 744,673 tons in 1940. There is already a small exportation from Brazil to other South American countries, amounting in 1941 to 603 tons as against 402 tons in the previous year.

COAL AND COKE

There was a further decline in imports of coal, from 1,149,544 tons (\$13,610,701) in 1940 to 1,012,689 tons (\$12,525,593). The United States, despite a slight decrease, continued in first place among suppliers with 894,712 tons valued at \$10,840,000 (923,632 tons at \$10,953,368 in 1940). Great Britain recorded a further decrease to 117,777 tons valued at \$1,675,000 (215,416 tons at \$2,512,419). Uruguay was the other supplier with 200 tons valued at \$5,580 (nil).

Imports of coke increased somewhat from 23,338 tons (\$489,175) to 24,623 tons (\$648,156). The United States, showing a substantial increase to 14,104 tons valued at \$397,900 (8,879 tons at \$163,661), supplanted Great Britain as leading supplier with 10,499 tons valued at \$248,800 (13,859 tons at \$313,525). The small remainder of 20 tons valued at \$274 (nil) was supplied by Dutch Guiana.

PAPER AND PULP

Newsprint imports, which had decreased in tonnage in 1940, showed an increase in 1941 in both volume and value, from 42,816 tons (\$3,212,788) to 45,885 tons (\$3,372,885). Canada, recording a slight reduction to 22,779 tons valued at \$1,669,000 (23,989 tons at \$1,783,345 in 1940), continued to be the major supplier, while the United States, shipments from which increased to 19,635 tons valued at \$1,449,000 (7,125 tons at \$581,655), remained in second position. It is possible that a considerable part of the United States shipments were of Canadian origin. Imports from Finland declined sharply to 1,897 tons valued at \$135,200 (3,249 tons at \$219,905). Other suppliers were: Sweden, 1,230 tons valued at \$89,100 (2,131 tons at \$153,673); and Germany, 344 tons valued at \$22,525 (681 tons at \$53,889).

Imports of bond papers, which had declined in 1940, increased considerably in 1941 to 190 tons (\$73,687) as against 58 tons (\$26,801) in the previous year. The United States shipped almost the entire amount imported, 169 tons valued at \$57,100 (49 tons at \$18,339). Great Britain shipped 17 tons valued at \$13,740 (8 tons at \$6,722), while small amounts came from Japan and Holland.

Imports of paper n.o.p. increased also, from 1,350 tons (\$305,921) to 1,941 tons (\$413,534). The United States supplied almost the total amount imported, 1,649 tons valued at \$346,400 (588 tons valued at \$126,763). The remainder was supplied by Germany, \$15,950 (\$270); Great Britain, \$14,600 (\$100,158); Finland, \$13,500 (\$7,724); and Japan, \$12,260 (\$7,102), Uruguay, Argentina, Spain, Italy, Portugal and Switzerland are credited with small amounts. Shipments from Canada declined from 183 tons (\$16,610) to 48 tons (\$5,290).

Wood-pulp imports, which had decreased in 1940, showed an increase in 1941 to 79,926 tons (\$7,019,535) as against 63,708 tons (\$4,741,832) in 1940. The United States continued as leading supplier with more than half of the total imported, 48,945 tons valued at \$4,243,000 (33,065 tons at \$2,613,465). Sweden, with \$1,416,000 (\$1,222,591), retained second position, followed by Finland with \$932,800 (\$441,760). Shipments from Canada increased from 1,610 tons (\$130,573) to 3,582 tons (\$314,300). Germany supplied the remainder, valued at \$18,400 (\$323,221).

CHEESE

A further decrease was shown in imports of cheese, from 65 tons (\$48,089) in 1940 to 42 tons (\$30,968). Argentina, showing a considerable increase, from 9 tons (\$4,618) to 24 tons (\$12,850), moved from second to first position among suppliers, followed by the United States with 2 tons valued at \$1,800 (7 tons at \$8,100). Imports from Italy declined sharply to \$4,920 (\$30,263) and from Switzerland to \$3,090 (\$5,552). Portugal, Japan, and Great Britain were other suppliers with small amounts.

PRESERVED MILK

Milk in powder, shipments of which have been decreasing during the past few years, showed an increase to 72 tons (\$51,838) as against 56 tons (\$38,938) in 1940. The United States continued to supply almost the entire total imported, \$40,540 (\$26,872 in 1940). The balance was supplied by Argentina, \$7,280 (\$5,055); and Switzerland, \$3,384 (\$6,991).

Imports of other kinds of preserved milk showed a further increase to \$559 (\$467) and, as in the past two years, the total amount was supplied by the United States.

POTATOES

Imports of table potatoes decreased from 5,813 tons (\$197,627) in 1940 to 3,139 tons (\$144,687), Argentina being the sole supplier.

Imports of seed potatoes, however, showed an increase in volume from 393 to 448 tons, decreasing slightly in value from \$22,994 to \$22,633. Argentina, with \$21,320 (\$1,497), supplied almost the entire market requirements. Shipments from Canada increased from 1 ton (\$74) to 27 tons (\$1,300). A small shipment, valued at \$18, is credited to the United States.

FISH

A further reduction was shown in imports of codfish, from 16,021 tons (\$2,292,964) in 1940 to 5,226 tons (\$1,076,030). Newfoundland, supplying 3,098 tons valued at \$556,500 (11,006 tons valued at \$1,477,325 in 1940), continued to be the largest supplier. Iceland with \$225,500 (\$285,163) moved from third to second place, followed by the United States with \$159,500 (\$5,849) and Great Britain with \$91,750 (\$384,539). Imports from Canada showed a further decrease, from \$35,614 to \$21,580. Japan and Argentina shipped small amounts.

There was a further decline in the value of imports of sardines, from \$106,638 to \$89,767. The bulk continued to come from Portugal, \$68,875 (\$94,206), while Japan retained second place among suppliers with \$13,740 (\$7,845). The remainder was supplied by the United States and Chile.

Imports of fresh, smoked, and canned salmon, anchovies, smoked herrings, fish oils, and pickled fish of various types, grouped together under the heading "preserved fish n.o.p.", recorded a slight increase in value in 1941 to \$36,911 from \$34,045 to 1940. Portugal continued to be the most important supplier with \$12,050 (\$14,889), and the United States was second with \$11,550 (\$7,268). Japan with \$10,150 (\$6,951) continued in third place, the remainder being supplied by Great Britain, Argentina and Chile. Shipments from Canada increased in value from \$31 to \$1,395.

WHEAT

Imports of wheat showed an increase from 857,937 tons (\$23,807,625) in 1940 to 894,895 tons (\$24,473,361). Argentina, as usual, supplied almost the entire market requirements with 893,532 tons valued at \$24,130,000 (850,774 tons at \$23,575,302 in 1940). The United States shipped the remaining 1,363 tons valued at \$44,350 (3,302 tons at \$116,895).

WHEAT FLOUR

There was a further decline in imports of wheat flour, from 18,029 tons in 1940 to 17,962 tons, increasing, however, in value from \$804,277 to \$897,493. The United States occupied first position among suppliers with 11,402 tons valued at \$632,200 (6,486 tons at \$382,499 in 1940), Argentina being credited with the remaining 6,560 tons valued at \$265,200 (9,625 tons at \$361,926).

MALT

Imports of malt declined again, from 12,290 tons (\$1,010,387) to 11,865 tons (\$920,449). The United States share decreased to 3,302 tons valued at \$259,000 (6,469 tons at \$550,247 in 1940) and that country was supplanted as most important supplier by Argentina with 6,259 tons valued at \$492,000 (1,771 tons at \$135,716). Chile with 2,232 tons valued at \$163,900 (2,482 tons at \$182,386) occupied third place, followed by Canada with 72 tons valued at \$5,450 (48 tons at \$3,916).

CHILEAN FISHERIES INDUSTRY

M. J. VECHSLER, CANADIAN TRADE COMMISSIONER

(One Chilean peso equals approximately \$0.037 Canadian; one metric ton equals 2,204 pounds; one kilogram equals 2.2 pounds)

Santiago, October 31, 1942.—The fisheries industry is an important factor in Chilean economy, and sea, river and shellfish are prominent in the diet of the Chilean people. The coastline and off-shore fishing grounds abound in innumerable varieties of edible fish, but the fishing methods followed are in the main somewhat antiquated, and for those so engaged fishing is an intermittent occupation. Full returns for the year 1940 are not as yet available, but those recently released for 1941 show that 3,338 persons were listed as engaged in the fishing industry, that 162 motorized boats were used in fishing operations in that year, and that 1,770 non-motorized boats were similarly employed. The motorized boats were valued at some 2,000,000 pesos, while the non-motorized vessels were valued at 1,900,000 pesos.

The total volume of fish taken in Chilean waters in 1941, amounting to 29,016,805 kilograms, showed an increase over the 1940 catch of 27,123,360 kilograms and over the 1939 catch of 28,912,145 kilograms. The principal varieties taken numbered nineteen.

SHELLFISH

An extensive variety of shellfish is also available in Chilean and surrounding waters, and this species is an important item in the diet of the people. The catch in 1941, amounting to 8,363,069 kilograms, was lower than that for 1940, which totalled 11,215,824 kilograms, but above the 1939 catch of 7,641,585 kilograms. Production during the past three years amounted to well over 8,000 metric tons made up of twenty-five main varieties.

BOLIVIAN EXPORTS OF MINERALS

M. J. VECHSLER, CANADIAN TRADE COMMISSIONER

(46 bolivianos equal U.S.\$1; one metric ton equals 2,204 pounds)

Santiago, November 4, 1942.—Statistics recently released covering Bolivian exports in 1941 show a slight falling off in volume from those of the previous year. Total exports amounted to 175,759 metric tons as compared with 178,084 tons in 1940. Of this total, minerals accounted for 174,123 tons (Bs.2,830,-593,000). There has been a steady increase in Bolivian exports of mineral products during the past four years as indicated in the following table:—

Bolivian Exports of Minerals

Year	M. Tons	Bolivianos
1937	145,814	1,570,970,000
1938	132,444	1,214,766,000
1939	136,201	1,532,156,000
1940	169,429	2,342,691,000
1941	174,123	2,830,593,000

Comparison of exports for the first four months of 1942 with those for the comparable periods of 1941 also indicates an increase, from 54,770 tons (Bs. 921,720,000) to 56,267 tons (Bs. 866,288,000).

TIN

Tin is the principal Bolivian export and its dominant position in Bolivian economy is readily apparent when the volume and value of exports of this commodity are compared with figures of total mineral exports as indicated above.

<i>Bolivian Exports of Tin</i>		
Year	M. Tons	Bs. 1,000
1937	25,531	1,137,391
1938	25,893	898,573
1939	27,648	1,162,440
1940	38,531	1,839,944
1941	42,740	2,218,602
Jan.-Apr.		
1941	13,210	688,910
1942	13,154	705,057

LEAD

Although lead exports increased in 1941 over those of 1940, they are still substantially below the figures recorded for 1937. Exports for the first four months of the current year show a decided falling off. The returns are as follows:—

<i>Bolivian Exports of Lead</i>		
Year	M. Tons	Bs. 1,000
1937	18,288	78,775
1938	13,168	37,255
1939	14,110	39,834
1940	11,663	52,621
1941	15,653	81,000
Jan.-Apr.		
1941	4,594	22,329
1942	3,984	20,113

ZINC

Zinc production in 1941 was only about 50 per cent of that in 1940, 6,065 metric tons having been exported in comparison with 12,197 in the previous year. The value of exports was also halved. The table below shows shipments during the last five years:—

<i>Bolivian Exports of Zinc</i>		
Year	M. Tons	Bs. 1,000
1937	11,529	49,367
1938	10,706	27,950
1939	7,769	21,271
1940	12,197	65,257
1941	6,065	32,480
Jan.-Apr.		
1941	2,714	14,933
1942	2,357	12,293

ANTIMONY

Chilean exports of antimony have shown a steady increase in both volume and value during the past five years. The following comparative table indicates this development as well as showing that this increase has been not

only maintained but improved during the first four months of 1942 in comparison with the corresponding period of last year:—

Bolivian Exports of Antimony

Year	M. Tons	Bs. 1,000
1937	7,127	49,172
1938	9,437	44,432
1939	10,060	63,776
1940	11,753	90,411
1941	14,870	98,505
Jan.-Apr.		
1941	4,163	21,630
1942	5,227	41,566

WOLFRAM (TUNGSTEN)

Bolivian exports of wolfram have shown a steady increase both in quantity and value during the last five years. Exports during this period were as follows:—

Bolivian Exports of Wolfram

Year	M. Tons	Bs. 1,000
1937	1,081	60,612
1938	1,517	71,187
1939	2,002	86,082
1940	2,510	127,845
1941	2,613	210,471
Jan.-Apr.		
1941	902	59,032
1942	963	80,491

OTHER MINERALS

Bolivian mineral exports, of lesser importance as to quantity and value, include silver, copper, gold, bismuth, sulphur, asbestos and various other items. Exports during the past five years, in metric tons, have been as follows:—

Bolivian Exports of Other Minerals

Year	Copper	Sulphur	Silver Figures	Bismuth in Metric Tons	Asbestos	Gold	Others
1937	3,693	1,739	294	31	21	133	45
1938	2,885	1,658	198	17	21	....	333
1939	4,056	2,160	225	13	2	....	530
1940	6,660	4,130	175	19	70	....	35
1941	7,274	2,486	229	11	210	....	....
Jan.-Apr.							
1941	2,320	206	69	....	....	98 Kg.	125.5
1942	2,213	1,417	81	6.6	27	66 Kg.	127.7

The values of the foregoing were as follows:—

Year	Copper	Sulphur	Silver Values in 1,000 Bolivianos	Bismuth	Asbestos	Gold	Others
1937	38,108	1,515	146,430	2,520	96	5,569	233
1938	21,598	1,786	95,794	1,411	85	13,536	456
1939	33,069	2,156	113,894	1,077	7	12,068	94
1940	64,603	3,682	81,697	685	187	16,132	19
1941	10,356	1,894	101,110	786	2,702	12,155	153
Jan.-Apr.							
1941	20,993	153	28,794	494	....	5,149	51
1942	22,085	1,038	34,853	742	194	2,917	342

CONTROL OF EXPORTS FROM CANADA

ADDITIONS TO LIST OF PRODUCTS AFFECTED

By Order in Council P.C. 10149, effective November 16, 1942, the following commodities are added to the list of those the exportation of which is prohibited except under permit from the Export Permit Branch, Department of Trade and Commerce, Ottawa.

Group 2—Animals and Animal Products

Cod (including sablefish or black cod), fresh, frozen or smoked.
Haddock, fresh, frozen or smoked (including finnan haddies).
Hake, fresh or frozen.
Pollock, fresh or frozen.
Cusk, fresh or frozen.
Rosefish, fresh or frozen.
Halibut, fresh or frozen.
Mackerel, fresh or frozen, not filleted.
Herrings, Atlantic, fresh, frozen, canned, pickled or smoked, including bloaters and kippers.
Salmon (Atlantic), fresh, frozen, salted or smoked.

REGULATIONS AMENDED

By Export Permit Branch Order No. 53, also effective November 16, 1942, Regulation 33 (a) of the Export Permit Regulations is amended to read as follows:—

33 (a) Applications for permits to export Pacific salmon and herring to the British Empire or to the United States should be submitted to the Chief Supervisor of Fisheries, Winch Building, Vancouver. In addition to the information called for on the form, the following information will be required: species, year of pack, name of packer, grade, and producer's declaration number.

Except as provided for by Regulation 5, export permits are not required for casual shipments, not exceeding 48 pounds in weight, of canned fish. nor are export permits required for non-commercial fishermen's catches of salmon or other game fish when shipped as gifts to the United States.

Export permits are not required for canned salmon or canned herring when consigned to and marked for the Canned Fish Division of the United Kingdom Ministry of Food.

TARIFF CHANGES AND TRADE REGULATIONS

British Guiana

BULK PURCHASING OF METAL PRODUCTS IN 1943

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, reports that a notice has been issued by the Controller of Commodities, British Guiana, in the *Official Gazette* of October 24, 1942, that minimum essential requirements for that Colony for the period of January 1 to June 30, 1943, in the following commodities will be bulk purchased by the British Guiana Competent Authority: manufactured and semi-manufactured iron and steel articles including plates, sheets, angles, rounds, squares, hexagons, octagons, flats, galvanized plain sheets, tin plates and sheets, steel tubes, pipes and fittings (wrought and cast iron), vat and puncheon hoops, steel castings, forgings and stampings, bolts and nuts, screws and studs, washers, rivets, wire (plain, galvanized and barbed), wire rope, strand, netting, web, nails and staples, pig and foundry iron, mechanics' tools, chain, Hindustani ploughs and parts, etc., batteries (dry cell).

Included also among the commodities to be bulk purchased are: non-ferrous metals, in particular copper, lead, zinc, nickel and their alloys, ingot or semi-manufactured non-ferrous metals such as plates, sheets, rods, sections, tubes, etc., spelter, solder and white metal.

St. Lucia

DUTY REDUCED ON SMOKED AND DRIED MEAT

A resolution of the St. Lucia Legislative Council of October 6, 1942, reduced the British preferential tariff of 13s. 4d. per 100 pounds on smoked or dried beef, pork and mutton to 6s. 8d. and the general tariff from 20s. per 100 pounds to 10s. Imports from Canada are subject to the British preferential rate of duty.

Brazil

WATERLINE REQUIREMENT FOR NEWSPRINT

Mr. L. S. Glass, Canadian Commercial Attaché at Rio de Janeiro, writes under date November 9, 1942, that the President of the Republic of Brazil recently signed a decree-law, which came into force on November 6, 1942, modifying the present law governing the import of duty-free newsprint paper.

Previously the law required that waterlines appear 5 centimetres apart before such paper could be imported under the special customs privileges accorded to newsprint for the publication of newspapers. Failing waterlines 5 centimetres apart, the name of the newspaper utilizing the newsprint for their publication had to appear once in every 20 centimetres.

This was extremely inelastic, and by this decree-law the privileges are extended to newsprint paper showing waterlines that are not more than 5 centimetres apart or the watermarks not more than 20 centimetres apart. That is to say, waterlines may now appear 3 or 4 centimetres apart, whereas previously they had to be 5 centimetres apart.

Chile

EXPORT PROHIBITIONS

Mr. M. J. Vechsler, Canadian Trade Commissioner at Santiago advises under date of October 7, 1942, that the Chilean Government issued a decree prohibiting the export from that country of the following: diamond powder; non-metallic minerals, not specified, except in so far as they may refer to bauxite or chrome; sesame or "Ajonjoli" seeds; linseed oils, crude or purified, pure or mixed with dissolvents; linseed oil of the type known as "stand oil"; castor oil, not specified; oils, not specified, in containers whose net contents do not exceed 1 kilogram; other oils and fats not specified; "Aguarras" or spirits of turpentine or its substitutes unpurified; "Aguarras" or spirits of turpentine or its substitutes purified and with small content of oils and drying substance; essences or oil essences, extracts, aromatics, alcoholic preparations and ethers of natural fruits or synthetic preparation, not specified, for industrial use.

EXCHANGE CONDITIONS IN CHILE

H. N. BURLEY, OFFICE OF THE CANADIAN TRADE COMMISSIONER

Santiago, November 5, 1942.—Sales and purchases of foreign exchange covering imports into and exports from Chile are subject to the approval of the local Exchange Control authorities, exporters and importers being required to make application to that body for the necessary licences. Foreign exchange is obtainable through any local bank and can only be granted provided the Chilean importer tenders a licence issued by the Exchange Control authorities. In the majority of cases exporters abroad insist upon cash against documents.

RATES

The export rate is 25 Chilean pesos to the United States dollar. This currency is given only in very exceptional cases, such as in payment for gaso-

line, sugar and a few articles of prime necessity. The current general rate for approved imports is 31 pesos to the United States dollar, which is usually referred to as the "D.P." rate (Divisas Propias).

"D.P." dollars are in abundant supply on account of increased buying from Chile by the United States. The delay in obtaining exchange depends on the granting of licences by the local exchange authorities. At present from 10 to 14 days elapse before a licence is obtained.

The circulation of American bank notes has been restricted by Decree Law, and transactions were prohibited in Chile as from September 17, 1942. Travellers are advised to avail themselves of travellers' cheques or bank credits.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING NOV. 16, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, November 16, 1942, and for the week ending Monday, November 9, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Nov. 9	Nominal Quotations in Montreal Week ending Nov. 16	Official Bank Rate
Great Britain.	Pound	4.8666			
		Buying	\$4.4300	\$4.4300	2
		Selling	4.4700	4.4700	—
United States.	Dollar	1.0000			
		Buying	1.1000	1.1000	1
		Selling	1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
		Bid	4.4200	4.4200	—
		Offer	4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
		Official	.3304	.3304	3½
		Free	.2635	.2622	—
Brazil	Cruzeiro (Paper)	.1196			
		Official	.0673	.0673	—
		Free	.0573	.0572	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
		Official	.0574	.0574	3-4½
		Export	.0444	.0444	—
Colombia	Peso	.9733	.6328	.6328	4
Venezuela	Bolivar	.1930			
		Official	.3313	.3313	—
		Free	.3330	.3320	—
Uruguay.	Peso	1.0342			
		Controlled	.7307	.7307	—
		Uncontrolled	.5854	.5853	—
South Africa.	Pound	4.8666			
		Bid	4.3862	4.3862	3
		Offer	4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
		Bid	4.5380	4.5380	—
		Offer	4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
		Bid	3.5300	3.5300	3
		Offer	3.5760	3.5760	—
New Zealand.	Pound	4.8666			
		Bid	3.5440	3.5440	1½
		Offer	3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

C. H. PAYNE, *Director*

Argentina

J. A. STRONG, Commercial Attaché, Bartolome Mitre 478, Buenos Aires (1). (Territory includes Uruguay.) *Cable address, Canadian.*

Australia

Sydney: L. M. COSGRAVE. Address for letters—P.O. Box No. 3952V. Office—City Mutual Life Building, Hunter and Bligh Streets. (Territory includes the Australian Capital Territory, New South Wales, Queensland, Northern Territory and Dependencies.) *Cable address, Canadian.*

Melbourne: FREDERICK PALMER, 44 Queen Street, Melbourne, C.I. (Territory includes States of Victoria, South Australia, Western Australia, and Tasmania.) *Cable address, Canadian.*

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L. S. GLASS, Commercial Attaché. Address for letters—Caixa Postal 2164, Rio de Janeiro. Office—Ed. Metrôpole, 7th Floor, Av. Presidente Wilson 165. *Cable address, Canadian.*

British India

PAUL SYKES. Address for letters—P.O. Box 886, Bombay. Office—Gresham Assurance House, Mint Road, Bombay. (Territory includes Burma and Ceylon.) *Cable address, Canadian.*

British West Indies

Trinidad: G. A. NEWMAN. Address for letters—P.O. Box 125, Port of Spain. Office—Colonial Life Insurance Building. (Territory includes Barbados, Windward and Leeward Islands, and British Guiana.) *Cable address, Canadian.*

Jamaica: F. W. FRASER, P.O. Box 225, Kingston. Office—Canadian Bank of Commerce Chambers. (Territory includes the Bahamas and British Honduras.) *Cable address, Canadian.*

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Egypt

RICHARD GREW. Address for letters—P.O. Box 1770, Cairo. Office—22 Shari Kasr el Nil, Cairo. (Territory includes the Sudan, Palestine, Cyprus, Iraq, Syria, Iran and Turkey.) *Cable address, Canadian.*

Ireland

E. L. McCOLL, 66 Upper O'Connell Street, Dublin, Ireland (*cable address, Canadian*); and 36 Victoria Square, Belfast, Northern Ireland.

Mexico

C. S. BISSETT. Address for letters—Apartado Num, 126-Bis, Mexico City. Office—Edificio Banco de Londres y Mexico, Num. 30, Mexico City. (Territory includes Guatemala, Honduras, and Salvador.) *Cable address, Canadian.*

CANADIAN GOVERNMENT TRADE COMMISSIONERS—*Con.*

Newfoundland

R. P. BOWER, Acting Trade Commissioner, Circular Road, St. John's. *Cable address, Canadian.*

New Zealand

C. B. BIRKETT, Acting Trade Commissioner. Address for letters—P.O. Box 33, Auckland Office—Yorkshire House, Shortland Street, Auckland. (Territory includes Fiji and Western Samoa.) *Cable address, Canadian.*

Panama

H. W. BRIGHTON. Address for letters—P.O. Box 222, Panama City. Office—98 Central Avenue, Panama City. (Territory includes the Canal Zone, Venezuela, Colombia, Nicaragua, Costa Rica, and the Netherlands West Indies). *Cable address, Canadian.*

Peru

W. G. STARK, Acting Trade Commissioner. Address for letters—Casilla 1212, Lima. Office—Edificio Boza, Carabaya 831, Plaza San Martin, Lima. (Territory includes Ecuador.) *Cable address, Canadian.*

South Africa

Cape Town: J. C. MACGILLIVRAY. Address for letters—P.O. Box 683. Office—New South African Mutual Buildings, 21 Parliament Street. (Territory includes Cape Province and Southwest Africa, Natal, Tanganyika, Kenya, Uganda, Mauritius, Madagascar and Angola.) *Cable address, Cantracom.*

Johannesburg: H. L. BROWN, Acting Trade Commissioner. Address for letters—P.O. Box 715. Mutual Buildings, Harrison Street. (Territory includes Transvaal, Orange Free State, the Rhodesias, Mozambique or Portuguese East Africa, Nyasaland and the Belgian Congo.) *Cable address, Cantracom.*

United Kingdom

London: FREDERIC HUDD, Chief Trade Commissioner in the United Kingdom, Canada House, Trafalgar Square, S.W.1. *Cable address, Sleighing, London.*

London: J. A. LANGLEY, Trade Commissioner, Canada House, Trafalgar Square, S.W.1. (Territory includes Home Counties, Southeastern Counties, and East Anglia; also British West Africa.) *Cable address, Sleighing, London.*

London: W. B. GORNALL, Fruit Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Canfrucum.*

London: G. R. PATERSON, Animal Products Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Agrilson.*

Liverpool: A. E. BRYAN, Martins Bank Building, Water Street. (Territory includes North of England, Lincolnshire, North Midlands, and North Wales.) *Cable address, Canadian.*

Bristol: JAMES CORMACK, Northcliffe House, Colston Avenue. (Territory includes West of England, South Wales, and South Midlands). *Cable address, Canadian.*

Glasgow: G. B. JOHNSON, 200 St. Vincent Street. (Territory covers Scotland.) *Cable address, Cantracom.*

United States

Washington: H. A. SCOTT, Commercial Attaché. Office—Canadian Legation.

New York City: D. S. COLE, British Empire Building, Rockefeller Center. (Territory includes Bermuda.) *Cable address, Cantracom.*

Chicago: M. B. PALMER, Tribune Tower, 435 North Michigan Avenue. *Cable address, Canadian.*

Los Angeles: T. J. MONTY, Acting Trade Commissioner, Associated Realty Building, 510 West Sixth Street. *Cable address, Canadian.*

Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

W.F-4-

Commercial Intelligence Journal

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SHIPPING SPACE FOR EXPORTS TO THE BRITISH WEST INDIES (EASTERN GROUP), JAMAICA, BERMUDA, BRITISH HONDURAS, BRITISH GUIANA AND NETHERLANDS COLONIES

BRITISH WEST INDIES (EASTERN GROUP) AND BRITISH GUIANA

Owing to the shortage of shipping tonnage to this area, it has been found necessary to set up a system of shipping priority ratings. These ratings, which are based upon the essential requirements of the civilian populations, are determined by the colonial governments of British Guiana and of the islands of the Eastern Group of the British West Indies, comprising Trinidad, Tobago, Grenada, the Grenadines, St. Vincent, Barbados, St. Lucia, Dominica, Montserrat, Nevis, Antigua, and St. Kitts. Under this system, foodstuffs have first priority, and other commodities are assigned priorities which vary with supply conditions in the colonies. As between different foodstuffs and other commodities, the actual allocation of cargo space on each shipping opportunity is determined by the immediate essential requirements of the colony or colonies at whose ports a ship will call.

The sole authority in Canada having power to allocate shipping space to the British West Indies is the Canadian Shipping Board. This authority applies to all shipments, irrespective of whether they are loaded at Canadian or United States ports. Space is allocated to Canadian shippers by the Canadian Shipping Board on the recommendation of the Commercial Intelligence Service, Department of Trade and Commerce. Control of the commodities to be carried is vested in the British Colonies Supply Mission, 1139 Connecticut Ave. N.W., Washington, which acts on behalf of the colonial governments. *Applications for space should be made, in triplicate, to the British Colonies Supply Mission on a form as reproduced hereunder, and a copy of each application should be sent to the Commercial Intelligence Service, Department of Trade and Commerce, Ottawa.*

DEC 1 1942

It should be clearly understood that the filing of an application for space to fill a definite order entails no guarantee that space will be provided. As mentioned above, the allocation of the limited space available on each shipping opportunity is dependent entirely upon information as to essentiality which is received from the various colonies through the British Colonies Supply Mission. Moreover, no space may be offered by the steamship lines except as authorized by the Canadian Shipping Board, acting in conjunction with the British Colonies Supply Mission and the Commercial Intelligence Service.

In the first few months following the adoption of the procedure above outlined, foodstuffs and other highly essential materials occupied practically all the cargo space available. However, considerable general cargo is now moving, and it is anticipated that space will continue to be allocated for such cargo.

As soon as information is received of the loading dates of vessels, shippers who have filed space applications for commodities which the British Colonies Supply Mission have authorized to be moved will be offered space by the Commercial Intelligence Service. Upon receipt of acceptances, which should preferably be sent by wire, space allocations are authorized by the Canadian Shipping Board to the steamship company concerned, which will then be in a position to provide a space contract.

Loading dates are not usually known by the Commercial Intelligence Service more than two weeks in advance. Exporters having orders for goods that cannot be prepared for shipment on short notice are advised, therefore, to keep on hand for prompt shipment at least a reasonable proportion of customers' requirements, otherwise space opportunities may be missed.

It is most important that, in the case of commodities requiring export permits, these be obtained before applications for space are made.

JAMAICA AND GRAND CAYMAN, B.W.I.

The allocation of cargo space for shipments to Jamaica is controlled by the Chairman, Imports, Exports and Prices Board, Kingston, Jamaica, who supplies detailed space allocations for each shipping opportunity to the Canadian Shipping Board, which issues the necessary authorization to the steamship company concerned. Importers in Jamaica are informed of such allocations and they in turn inform Canadian exporters. All applications for space should be made to the above-mentioned Board, and a copy sent to Mr. Leys Brown, 530 Mountain Street, Montreal, who represents the Board in Canada.

A small motor schooner operates regularly between Kingston, Jamaica, and the Cayman Islands. The agents of this schooner are Messrs. B. L. Williams & Company, 12 Port Royal Street, Kingston, Jamaica, a responsible firm of customs brokers. Canadian exporters should make application for space as in the case of Jamaica, and consign goods destined for the Cayman Islands to the agents of the operators of the schooner for transshipment from Kingston, Jamaica.

BRITISH HONDURAS

The Government of British Honduras controls some space on ships of a line operating from ports on the Gulf of Mexico. Exporters desiring space should request their agents, or the importer as the case may be, to apply to the competent authority in British Honduras. Approved applications are notified to the steamship company, which in turn notifies the exporters.

BAHAMAS

At present the only means of shipping to the Bahamas is by small schooners plying between Nassau and Miami. Exporters should request their agents or the importer in Nassau to make arrangements for space with the operators of these vessels.

BERMUDA

Applications for shipping space to Bermuda should be directed to Mr. Vincent Frith, Bermuda Government Office, 30 Broad Street, New York City, and a copy to Mr. D. S. Cole, Canadian Government Trade Commissioner, British Empire Building, Rockefeller Center, New York City, whose territory includes Bermuda. Mr. Cole will be glad to render assistance in securing space when prompt action is necessary.

NETHERLANDS COLONIES

In order that space may be authorized for the movement of vitally essential commodities only, all offerings of cargo for Netherlands possessions in the Leeward Islands, Netherlands West Indies, and Paramaribo (Surinam) are now subject to the approval of the Netherlands Government.

Cargo will be booked as heretofore by Funch, Edye & Co., New York, and Strachan Shipping Company, New Orleans, agents for the Royal Netherlands Line, but, in order that offerings may be placed before the Netherlands Government, the following procedure must be followed:—

Shippers, or their agents, must write letters, in duplicate, to either one of the agents of the Royal Netherlands Line incorporating the following information: name of shipper; port preferred from which shipment is to be made (it may not always be possible to assign space from the port preferred); name of concern or forwarding agent who will receive the cargo at loading port, arrange for delivery to vessel's loading pier and take out bills of lading; port of destination (a separate letter must be submitted for each port); also name of consignee; commodity to be shipped and number and kind of packages (avoiding use of general terms such as dry goods, groceries, hardware and machinery); weight (separate weight of each commodity and of each package exceeding 5,000 pounds); cubic measurement of each commodity, giving individual dimensions of large packages or pieces over 20 feet long; present location of cargo offered; date cargo can be available at loading port; export licence number and expiration date.

Even though shippers have already filed application for space, an entirely new application, including all the above particulars, should be filed. Failure to include all the information requested will prevent consideration of applications.

When the applications are received by the agents, they will be forwarded to the Netherlands Government for approval. When approved, shippers will be notified when space is available. Letters of application should be submitted to only one of the agents of the Royal Netherlands Line.

Ports affected include Aruba, Curacao, Bonaire, St. Martins, Saba, St. Eustatius, and Paramaribo.

O.D.T. PERMITS

The Transport Controller, who acts on behalf of the United States War Shipping Administration (W.S.A.) with respect to the issuance of so-called O.D.T. permits, which enable goods to be railed to United States ports, issues such permits solely on the authority of the Canadian Shipping Board. Exporters will receive an O.D.T. permit number from the shipping company with their space contract. In this connection it should be borne in mind that O.D.T. permits are only required in the case of shipments comprising a carlot or more. Their purpose is to regulate the movement of goods so as to prevent congestion of port facilities.

STEAMSHIP LINES

Canadian cargo is carried by the following steamship lines to the destinations indicated:—

Alcoa Steamship Company Inc.,

276 St. James St. W., Montreal..... Bermuda, British Guiana, Trinidad.

Canadian National Steamships,

384 St. James St. W., Montreal..... Jamaica, Trinidad, Barbados and the small islands of the Eastern Group.

Steamship Lines—Con.

- Furness-Withy Co. Ltd.,
315 St. Sacrament St., Montreal..... Barbados, British Guiana.
- Pickford & Black, Ltd.,
Halifax, N.S..... Jamaica.
- Royal Netherlands Line:
Agents—Funch, Edye & Co., New
York; and Strachan Shipping Co.,
New Orleans..... Dutch Guiana, Dutch West Indies.

EXPORT PERMITS

For goods requiring an export permit, exporters are advised to apply for this permit to the Export Permit Branch, Department of Trade and Commerce, 116 Wellington St., Ottawa, preferably upon acceptance of an order but not later than when making application for shipping space. In many instances applications for export permits require considerable investigation and, if delayed until an offer of space is received, shipping opportunities may be missed because the permit cannot be issued on time. *An offer of shipping space does not imply the granting of an export permit.*

Export permits are valid for a specified period up to six months and may be extended upon application prior to the expiry date, if it can be shown that it has been impossible to complete the shipment due to factors outside the control of the exporter.

Export permit application forms may be obtained from the Export Permit Branch or from any Customs Office. For a copy of the Export Permit Regulations, application should be made to the Export Permit Branch.

British Colonies Supply Mission: West Indies Section

1139 Connecticut Avenue, N.W., Washington, D.C.

Application for assistance in obtaining cargo space to be submitted in triplicate.

- 1. B.C.S.M. Reference No.
(To be filled in by B.C.S.M.)
- 2. Name of Purchaser in the Colonial Territory
Address
- 3. Port of Discharge
- 4. Import and Export Permit No.
- 5. Name of Supplier in the United States or
Canada
- Address
- 6. Forwarding Agent
- 7. Usual Port of Loading
- 8. Type of Export Licence and Number
- 9. Details of Commodity
-
-
-
- 10. No. of Packages
- 11. Gross Weight in Lbs.
- 12. Measurement in Cu. Ft.
- 13. Location of Goods
- 14. Can Deliver to Pier on ——— Days' Notice.
- 15. Specific Use for which Goods are required
-
-

This Form may be reproduced.

Recommended
Application No.
Authority

NOTE.—Where suppliers have contracts with either government or commercial interests in any of the British West Indies Colonies, new application should be forwarded in respect of each monthly shipment.

POULTRY MARKET CONDITIONS IN THE EASTERN UNITED STATES

L. H. AUSMAN, ASSISTANT TRADE COMMISSIONER

New York, November 16, 1942.—Although it is estimated that the production of beef, pork, lamb and mutton in the United States during 1943 will be the largest on record, the prospective total demand from civilians, lend-lease and the armed forces at ceiling prices exceeds the likely supply by about three billion pounds. This shortage of meat, together with increased purchasing power, will probably increase the demand for poultry of all kinds. The total supply of chicken meat in 1943 is likely to be larger than in 1942, and the per capita supply will probably be the largest on record. Commercial broiler production is increasing more than usual for this time of year, and output in 1943 is expected to be more nearly constant than ever before. Supplies of turkeys may also be larger than this year.

PRICE CEILINGS

Effective October 5, temporary 60-day ceilings were established on wholesale and retail prices of all chickens, fowl, roosters, capons, turkeys, ducks, geese, pigeons, squabs and game birds, including live, dressed, drawn, split or disjointed and all other forms, when sold for human consumption. Prices were set at the highest levels reached between September 28 and October 2 inclusive. In relation to prices which prevailed in the last quarter of 1941, quoted prices in the specified period were 15 to 30 per cent higher for live hens, 30 to 50 per cent higher for live chickens and 25 to 35 per cent higher for turkeys.

STOCKS ON HAND

United States storage stocks of dressed poultry on October 1 were the heaviest on record for that date, totalling 116.5 million pounds as compared with a five-year average (1937-1941) of 74.5 million pounds and 93.75 million pounds last year, an increase over the latter of 21 per cent. The heavy movement of young chickens into storage accounted for a large part of the increase, but all types except broilers, ducks and turkeys were larger than a year ago. The figure for dressed turkeys on October 1 was 8.5 million pounds as against 8.75 million pounds for the five-year average and 9 million pounds in 1941. This indicates a decline of 5.5 per cent.

IMPORTS OF DRESSED POULTRY FROM CANADA

Fairly considerable quantities of Canadian frozen poultry, principally turkeys, have been received in New York and other centres during the past two or three months. Although almost without exception the consignees have reported favourably on the quality of the poultry received from Canada, certain suggestions have been advanced, particularly with regard to packing. Canadian shippers interested in the United States market might do well to consider the following points:—

1. Every care should be taken to avoid freezing burns.
2. The usual practice in the domestic turkey trade is to wrap the heads individually in paper to prevent blood from the mouth soiling the body of the turkeys in the box. Any cheap wrapping paper, white parchment, etc., would be satisfactory.
3. It is suggested that the size classifications of turkeys be shown on the outside of the boxes in addition to the gross and net weights. If this is not done before shipment, the boxes have to be marked on arrival at destination,

and this entails considerable additional expense. Following are examples of the classifications given to indicate the various size ranges for turkeys:—

Size Ranges for Turkeys

Young Hens		Average Weight Each per Box	Young Toms		Average Weight Each per Box
Class		Lbs.	Class		Lbs.
80	.. . . .	8-10	10	.. . . .	10-12
100	.. . . .	10-12	12	.. . . .	12-14
120	.. . . .	12-14	14	.. . . .	14-16
140	.. . . .	14-16	16	.. . . .	16-18
160	.. . . .	16-18	18	.. . . .	18-20

It is suggested that the number and net weight of contents be shown on the upper or lower right-hand corners and the classification reference on the upper or lower left-hand corners of the boxes.

4. As far as possible the boxes containing young hens and young Toms should be separated to assist in proper sorting on arrival.

Shipments of Canadian frozen poultry to this market have fallen off considerably in recent weeks, as fresh domestic supplies are now reaching the market in satisfactory quantities.

LIVE POULTRY

Some live poultry from Canada has been shipped to the new Live Poultry Terminal recently erected by the New York City Department of Markets. This has been somewhat in the nature of a trial, and certain useful information has resulted therefrom. Other shipments have been made by truck to New England and other border markets. Prospective Canadian shippers may obtain information regarding this market from the Poultry Products Inspection Service of the Department of Agriculture in Ottawa, or from the Canadian Trade Commissioner, 620 Fifth Avenue, New York.

SUGAR-BEET INDUSTRY OF THE WESTERN UNITED STATES

T. J. MONTY, ACTING TRADE COMMISSIONER

Los Angeles, October 14, 1942.—An unprecedented demand has arisen in the United States for domestic sugar; while sugar supplies are available in sufficient quantities in Cuba, Puerto Rico and Hawaii for export to the United States, the principal difficulty lies in securing adequate transportation to the mainland, as all available shipping is being diverted to direct war needs.

The sugar-beet industry of the United States has consequently undergone considerable expansion, particularly in the Western States of California, Colorado, Montana, Idaho, Utah and Wyoming. This year's expansion campaign has been a direct reversal of the 20 per cent acreage reduction imposed in 1941, and growers now have the full support of consumers, distributors and the Government. At an early date the beet-sugar refineries entered into acreage contracts with the growers, and these contracts are considered to be the best the growers have received in several years. Although the present rather limited capacity of the sugar refineries, as well as the labour shortage and higher production costs, have all to some extent affected the expansion campaign, recent official estimates of the Department of Agriculture forecast the largest United States cane and beet crop on record.

ACREAGES

The indicated sugar-beet acreage for harvest in the Western States is estimated at 613,000 acres for the 1942 season as compared with 460,000 acres harvested last year and 562,000 acres in 1940. The acreage for the entire

United States this year is set at 989,000 acres, a decided increase over the previous year's figure of 754,000 acres, and also an increase over the peak 1940 harvest of 916,000 acres. During the past ten years the national acreage of sugar beets has averaged 815,000 acres.

California, the major beet-sugar state, has an area of 178,000 acres for harvesting, which is 42 per cent more than the 125,000 acres harvested in 1941. The highest acreage previously recorded by California was 173,000 in 1940. Other Western States showing an acreage increase this year (figures for 1941 in parentheses) are: Colorado, 185,000 acres (132,000); Montana, 76,000 acres (64,000); Idaho, 80,000 acres (60,000); Utah, 48,000 acres (40,000); and Wyoming, 46,000 acres (39,000).

SUGAR-BEET PRODUCTION

The United States sugar-beet crop for 1942 is estimated at 12,457,000 short tons as compared with 10,311,000 short tons last year. The Western States harvested 6,669,000 short tons in 1941, and the estimate for this year is 8,422,000 short tons. In California the sugar-beet crop is estimated at 2,670,000 short tons for 1942 as against 1,999,000 short tons in 1941, an increase of 33 per cent. Earlier forecasts were of a greater increase, but labour difficulties have considerably reduced prospects. The beet yield for the record year 1940 was 2,903,000 short tons.

The following table shows the sugar-beet production in the United States as a whole and also in the Western States:—

National Sugar-beet Production

	Short Tons
1930-39 average	9,284,000
1940	12,292,000
1941	10,900,000

Western United States Sugar-beet Production

	1930-39 Average Short Tons	1940 Short Tons	1941 Short Tons	1942 (Estimated) Short Tons
California	1,634,000	2,903,000	1,999,000	2,670,000
Colorado	2,141,000	.....	1,949,000	2,498,000
Utah	614,000	.....	575,000	624,000
Montana	751,000	.....	793,000	889,000
Idaho	649,000	.....	823,000	1,120,000
Wyoming	558,000	.....	530,000	621,000

PRODUCTION OF BEET SUGAR

Beet-sugar production in the Western United States in recent years averaged around 75 per cent of the national production. The total United States production for 1942 has been estimated at from 1,850,000 to 1,900,000 short tons, exceeding the 1941 output by roughly 400,000 short tons. It is also noteworthy that the total United States sugar-cane production is set at 7,379,000 short tons for 1942, an increase of 1,917,000 short tons over the 1941 figure. Sugar extraction from beets in California has averaged in recent years around 315 pounds to a ton of beets, although levels as high at 335 pounds have been recorded. This year California refineries expect to process between 450,000 and 460,000 tons of finished sugar as compared with 311,000 tons in 1941 and 466,000 tons in 1940. Following is a table of the beet-sugar production for the 1931-41 period:—

National Beet-sugar Production

	Short Tons
1930-39 average	1,363,000
1940	1,773,000
1941	1,451,000

Western United States Beet-sugar Production

	1930-39 Average	1940	1941
	Short Tons	Short Tons	Short Tons
California	267,000	466,000	311,000
Colorado	323,000	313,000	399,000
Utah	90,000	74,000	74,000
Wyoming	92,000	93,000	78,000
Idaho	93,000	143,000	105,000
Montana	108,000	163,000	120,000

REFINERIES

In the United States there are twenty-four beet-sugar refineries, of which only seven are operating on a reasonably large basis. These seven plants account for upwards of 80 per cent of the total beet-sugar refinery capacity. It is noteworthy that there has been no increase of capacity of consequence over the past four years, principally because earnings have been affected by rising labour and beet-contract costs as well as by the national sugar policy, which did not encourage plant expansion.

Of the 89 sugar refineries operating in the United States, 56 are located in the Western States: Colorado, 17; California, 10; Idaho, 8; Utah, 8; Montana, 5; Wyoming, 5; Washington, 2; and Oregon, 1. The Middle Western States maintain 33 refineries, of which the State of Michigan has 15, Nebraska, 7; Ohio, 4; Minnesota, 2; and Iowa, South Dakota, Indiana, Kansas and Wisconsin, 1 plant each. Despite the fact that Colorado has more plants than California, the latter state is the larger producer of beet sugar, mainly because it produces earlier crops and has a heavier concentration of acreages near refineries.

BY-PRODUCTS

Beet tops and beet pulp are an important source of live-stock feed and, according to the latest available figures, this industry is nationally worth about \$7,000,000 annually.

In certain areas beet tops are fed generally, left scattered on the field or piled in small stacks, while in others, because of weather conditions, they are stored in trench or pit silos and used as needed.

The fibrous mass remaining after the beet sugar has been extracted from the beets is "pulp", and this also is an important source of live-stock feed.

After all the sugar possible has been extracted from the beets, there is still a large residue of "beet molasses", which, while of considerable value industrially in the manufacture of alcohol and of yeast for human and animal consumption, is used chiefly in live-stock feeding. It is also sometimes used as an "appetizer" in poison-bran mash for controlling insect pests.

BUSINESS CONDITIONS IN SCOTLAND

G. B. JOHNSON, CANADIAN TRADE COMMISSIONER

Glasgow, October 31, 1942.—Practically all employable labour in Scotland is now being utilized. Although 20,000 persons are registered as unemployed as compared with about 200,000 in September, 1939, it may be assumed that all or most of that number are for one reason or another unemployable. Further evidence of industrial development was recently supplied by the Secretary of State for Scotland, who said at Edinburgh that Scottish factories and workshops engaged in new production now covered 1,850,000 square feet exclusive of storage floor space. Not all of these industries are established solely for war purposes, and some will have post-war permanence.

Work in the heavy industries throughout Scotland was resumed in August in full force after the annual holidays, and there is every indication of record

outputs for the remainder of the year. The break for individuals was shorter than usual in the shipbuilding, engineering and steel industries, but the total period involved was longer because of the system of staggering holidays, by which only groups of workers are away at one time, thus allowing continuity of production. After many months of unprecedented activity and long hours, it is recognized by the various industries that a break of a week or ten days is more than ever necessary for workers and administrative staffs if the high level of production achieved up to the present is to be maintained. Furthermore, this holiday period provides the opportunity in some cases to carry out repairs and renewals of machinery. Four of the principal steel works in the West of Scotland were closed briefly for this purpose after a long period of exceptionally heavy demands for steel products for the shipyards and munition works.

Lost time through strikes in Scotland, as in the rest of the country, has been negligible. From October, 1940, to March, 1941, the time lost through strikes in shipbuilding and engineering in Scotland was less than one-quarter of one per cent, or the continuous work of one man in 400. Absenteeism, mostly confined, naturally enough, to younger men, has been more serious. In fact, despite a certain loss of output through avoidable absenteeism, activity in the Scottish shipyards, engineering works and munition works continues with unabated or increasing vigour

SCOTLAND'S POST-WAR HOMES

For many months past a great deal of publicity has been given to the Scottish housing problem, which has been engaging the attention in particular of Mr. Thomas Johnston, Secretary of State for Scotland. When the newly constituted Scottish Housing Advisory Committee held their first meeting in Edinburgh early this month, the Secretary of State gave them some idea of the nature and extent of the task that lies before them. At least 400,000 houses will be required to be built and at a much greater speed than ever before in the country's history. It is stated that about half these will be in the Clyde Valley. Among the problems now being considered by the Advisory Committee are plans for securing the mobilization of labour after the war, the latest methods of building construction, the supply and distribution of materials and the standardization of designs.

This office received an inquiry some months ago from the Secretary of State (through the Department of Health for Scotland) for 6,000 to 10,000 prefabricated wooden houses from Canada. This number, of course, is only a small fraction of the total housing required, but if it can be supplied and proves satisfactory, it is probable that the demand will be greatly extended, either for houses prefabricated in Canada or for the timber for prefabrication in factories here. There is every indication that all possible preliminary steps will be taken to the point where contracts may be let as soon as hostilities cease and men, timber and machines can be diverted from war purposes. It is proposed to submit shortly a full report on this subject for publication in the *Commercial Intelligence Journal*.

BARLEY CONSUMPTION AND PRICES IN IRELAND

E. L. MCCOLL, CANADIAN TRADE COMMISSIONER

Dublin, October 31, 1942.—The total pre-war consumption of barley in Eire for all purposes was about 140,000 long tons (of 2,240 pounds) a year, 24,000 of which were imported. The last year for which foreign trade statistics are available is 1938. The average yearly imports for 1936, 1937 and 1938 from all overseas sources of supply were: United States 7,523 tons; British India, 5,100; Chile, 4,592; Canada, 3,006; Argentina, 2,200; Great Britain, 1,694; and other

countries, 33 tons. Since the outbreak of war only neutral tonnage has been available for imports into Eire. During the past year none even of this has been procurable, and the country has had to rely on a few ships which it has been able to purchase and which are used almost entirely for carrying wheat.

ACREAGE SOWN TO BARLEY

The total area sown to barley in Eire for 1942 was 186,200 acres as compared with 163,300 acres for 1941. This is an increase of 22,900 acres over the figure for the previous year, or a percentage increase of 14, which is regarded as high for this particular crop. In view of the fact that the importation of seed barley has ceased, due to wartime conditions, it is now necessary for the Eire farmer to retain sufficient stocks of home-grown barley for utilization as seed.

PRESENT PRICES FIXED FOR HOME-GROWN BARLEY

The prices for barley, excluding seed, sold by licensed dealers have been fixed as follows: artificially dried, 40s. 6d. per barrel of 16 stones (224 pounds); not artificially dried, 36s. 6d. per barrel. All dealers must possess a licence which is issued by the Minister for Agriculture on payment of a fee of £3 per season. An additional permit, for which there is no charge, must be held by any person engaged in the sale of seed.

The price to be paid to the grower for 1942-43 season crop, including seed, has been fixed at 35s. per barrel, but no retail price for seed resold by the dealer has yet been fixed. If the buyer takes delivery at a grower's premises, he is required to deduct from 6s. to 8s. per ton to cover haulage expenses. Last season's crop was classified under two headings: (1) for malting and (2) for grinding, but no distinction has been made this year. The sale of barley for brewing and other purposes is controlled by the Minister for Agriculture. It may not be purchased for feeding to live stock, but this restriction does not apply to the growers' own crops. Exportation is prohibited.

PEARL BARLEY

Before the outbreak of war, pearl barley was imported mainly from Holland. The bulk of this business would now go to some other source of supply were it not for shipping difficulties. No statistics are available of imports by countries, but dealers state that the annual volume would be in the neighbourhood of 200 tons. Dublin, with its suburbs, takes the greater part of this grain, where it is used chiefly for making soups and other household dishes. Dutch exporters offered several grades, but only two were in demand. The supplies received from Canada are said to be satisfactory except that the grains are reported not to be as well "dressed" or as uniform in size as the Dutch product. Medium-sized barley of standard size and colour is required. It is also stated that barley from the Dominion is not as white as the Dutch, the latter having few small ends or clippings, which give it a more regular size and better colour. The whiter the barley the more it is favoured by the Irish housewife. The pre-war price per pound for this domestic grade was 4d., while the current price has risen to 1s. 8d. When existing stocks are exhausted, replacement is unlikely until hostilities cease. No pearl barley is processed in Eire.

MALTING BARLEY

About 75,000 tons of barley are used in Eire for malting, four-fifths of which goes to one brewery. The pre-war requirements of the largest brewery in Eire were from 55,000 to 60,000 tons per annum. Of this total some 7 per cent is roasted for the manufacture of stout.

As the supply of Irish barley varies considerably from season to season, depending largely on the weather, a small quantity of the most suitable grades offering from abroad is imported for blending with the home-grown grain. By this method a uniform mixture is assured from year to year. From a brewing point of view it is essential that barley of good quality, with a low nitrogen content—1.3 to 1.7 per cent of dry weight—be obtained. When used for roasting the standard need not be as high as is required for malting.

The malting barley market for any given season is practically uniform throughout the country but it fluctuates annually. Over the ten pre-war years prices ranged from 14s. to 18s. per barrel of 16 stones. At the outbreak of war (in 1939) the price increased to 24s. per barrel, in 1940 to 30s. per barrel, while in 1941 it was pegged by the Government at 30s. and in 1942 at 35s. per barrel.

TYPES OF BARLEY USED

Up to 1939 a small quantity only of imported barley was used for malting. This was obtained from Britain, California, and Chile. Canadian barley samples have been tried, but so far have not been found suitable for malting, as the nitrogen content has too frequently been around 2 per cent. Quantities of Canadian barley have been used, however, for roasting, No. 3 Canada Western being most indemand. The following quantities of No. 3 Canada Western barley were imported for roasting from 1927 to 1938 by an important Dublin company: 1927, 2,700 tons; 1928, 2,000; 1929, 3,900; 1931, 3,000; 1932, 5,000; 1933, 3,000; 1936, 1,000; 1938, 3,000 tons. Some Argentine barley has been imported for the same purpose, its colour and price being found quite suitable.

Barley purchases depend on a number of factors, including price, surplus in a particular country, low nitrogen content, and freedom from pests. The crop varies in a given country each year and, when it does not fulfil the Eire requirements, no purchases are made. This explains why statistics show large imports from a country one year and none the next. Californian, Chilean and Indian barleys are best suited for malting, while Canadian and Plate are used for roasting.

Messrs. Guinness' annual requirements of foreign barley account for most of the yearly imports. This firm purchases usually on sample or, if samples are not available, they buy on a "fair average quality" basis, which is some standard guaranteed by a governmental authority or a responsible grain association in the country of supply.

DUTY AND RESTRICTIONS

Barley enters this market from all countries free of import duty, but an import licence must be obtained in advance from the Minister for Agriculture. Importers of pearl barley are also required to certify that it is for human consumption only.

In 1939, on the outbreak of war, the Eire Government created a new department, namely, the Department of Supplies, to control imports and exports, ensure supplies of essential commodities, and regulate prices. To this end a company was formed in Dublin—Grain Importers (Eire) Limited. This firm and that of A. Guinness Son & Company, Limited, Dublin, are the only companies who have been granted licences to bring in barley from abroad. However, as mentioned above, none has arrived during the past two years.

GOLD MINING IN SOUTH AFRICA

H. L. BROWN, ACTING TRADE COMMISSIONER

III. Future of the Industry

The outstanding single importance of gold mining in the maintenance of the industry and commerce of South Africa has naturally given rise to a great deal of consideration as to the future. As it is to be assumed that ore bodies must be exhausted sooner or later, there is speculation and even prophecy regarding the time when exhaustion may be expected. The reserves of lower-grade ore in the producing mines have been the first subject of investigation. With the adjustment of the foreign exchange value of the South African pound in 1932 and the resulting higher price of gold, the industry was readily able to work large bodies previously considered uneconomic; this development can be traced in the table of production included in a previous section of this report. Incidentally, as pointed out by the Industrial and Agricultural Requirements Commission, expansion of production has inevitably resulted in a more rapid utilization of the larger amounts of ore made available by lowering the grade requirements. Discussing the future of gold mining the Commission, in its Third Interim Report, states as follows:—

The scale of gold production depends largely on the price-cost relationship in the industry and the amounts of payable ore available. The price of gold is determined by international factors and the foreign exchange policy of the Union. The future gold price can, therefore, not be predicted. Gold-mining costs, in regard to which the State exercises an important influence by means of its economic and fiscal policy but which are also governed by the general price level, are similarly subject to variation. The payable ore available can, in turn, only be estimated. With a given pay-limit such an estimate may be made with some accuracy for working mines, but it would be subject to a very wide margin of error for lesser known areas. Further discoveries of payable auriferous deposits may also be made.

At the request of the Commission, the Government Mining Engineer submitted an estimate of the quantities of ore that may be milled in the future by mines already producing and by those nearing the production stage. This estimate has a number of qualifications: it refers only to conglomerates of the Witwatersrand system, it is based on the assumptions that ore of any grade lower than the present pay-limit is not economically mineable, that mining will not proceed to a depth below 8,500 feet, and that undeveloped and unprospected areas do not come into production. While any of these qualifications may fall away unexpectedly and conclusions must be surrounded by provisos, this estimate shows potential ore reserves totalling 1,000,000,000 tons. At present rates of mining the industry could expect to be about one-seventh of its present size at the end of twenty-five years; the rate of greatest decline would be between the years 1950 and 1955.

Estimates of a similar nature submitted to the Commission by Mr. H. R. Hill, engineering consultant to one of the mines groups, show potential ore reserves of approximately 1,600,000,000 tons and a less rapid though nevertheless marked decline in output between the years 1946 and 1969. Mr. Hill includes in his estimate contiguous areas outside the present mine boundaries as well as the tonnage to be produced by the so-called small and "outside" mines, and assumes that the depth of 8,500 feet will be exceeded in areas where conditions are favourable.

Discussing this part of the Third Interim Report, Prof. C. S. Richards, writing particularly of the future of gold mining in relation to the industrial reorientation of South African economy, states as follows:—

Inherent in the report, on which its whole value rests, is the assumption, neither stated nor questioned, that time will be available for the gradual carrying out of the changes and reorientations recommended. This in its turn rests on the assumption that the continuance of the gold-mining industry is dependent only on domestic factors—on the tonnage of payable ore which can be economically worked. Indeed, it is recommended that investigation should be immediately started to prolong its life even further than present estimates foreshadow. There is no mention or discussion of the possibility that, though unlikely, external factors (e.g., its discontinuance as a monetary medium, the result initially of U.S.A. action, perhaps as a part of a measure of war economy and the mobilization of resources for total war, leading possibly to a permanent dethronement of gold) may determine a more gloomy future for gold, or that a cessation of buying might arise with startling suddenness. Time is not available for a discussion of this question here, but it is quite clear that such a possibility cannot be completely ignored; and that therefore the problem of national reorganization and reorientation should, even in war, be pushed forward with the greatest speed. The sands of time may be running out more rapidly than we know. (*South African Journal of Economics*, March, 1942.)

Speaking on the future of the gold-mining industry, Mr. John V. Muller has expressed his opinion in the following terms:—

I do not propose to indulge in any precise conjectures as to what lies ahead, because the ground has recently been covered in great detail. I would like to give it as an opinion, however, that although the lives of existing mines are definitely limited by the vertical planes of their boundaries, nevertheless gold exists over such very large areas throughout the western Transvaal and northern Free State that substantial additional disclosures in the post-war period may confidently be expected to assure the continued life of the industry for many decades to come.

TAXATION IN THE FUTURE

Speaking particularly of future prospects, Mr. Muller continued as follows:—

Such a view rests on the assumption that the present system of mining taxation, which is completely out of balance when bearing in mind the cost of bringing a mine to production, is necessary only as a temporary measure principally to meet the country's war effort. In order to exploit to the fullest the gold reserve to which I have referred, a large proportion of which no doubt constitutes low-grade ore, and in order that this ore may be brought into the realm of payability, it is the duty of the Government, when the time becomes opportune, to adjust its scale of taxation in such manner that successful exploitation of these reserves is assured.

Mr. Muller has pointed a question of moot importance concerning the future of taxation on gold production and its proceeds. He makes a case proving that the present incidence of taxation is liable to curtail existing operations and retard expansion and that the Government may therefore have to give some undertaking that only a certain limited percentage of profits will be appropriated in the form of taxation. Obviously, whether the Government retards gold mining by excess taxation or encourages it by reduced taxation, the income of the Government and ultimately of the country as a whole from this source must decline.

On future taxation the Industrial and Agricultural Requirements Commission has expressed the following opinion:—

The imposition by the State of both direct and indirect burdens on the industry should be consistent with a long-term mining policy designed to assure the industry of its optimum life. It cannot be in the national interest to exhaust this important asset too rapidly. Where heavy direct or indirect imposts have the result of bringing the date of final exhaustion visibly closer, an obvious need for reconsideration of the matter must exist. This is the more evident if, as has often been the case, the additional burdens placed on the mining industry are largely intended to provide the means for maintaining weaker industries without, however, establishing effective safeguards to ensure that the income thus transferred to them from the gold mines is utilized to best advantage for the purpose of permanently raising their efficiency and productivity. There is the further factor that the burdens placed on the gold-mining industry should not jeopardize the provision of the capital required for the purpose of developing deep-level mining, opening up new areas and conducting further prospecting and development work.

TECHNICAL PROBLEMS IN THE FUTURE

Mr. Muller has mentioned two technical questions regarding the future of the industry, and his comments with regard to these, both of which relate to mining at greater depths, are quoted as follows:—

Viewed from the practical as well as the economic point of view, the two outstanding problems confronting the existing mining area of the Witwatersrand to-day are those of support and ventilation. The question of providing adequate means for the support of workings at depths down to, say, 12,000 feet, should not be difficult to answer; in fact, it is probable that the methods at present in use on the deep mines would, with slight modification, prove adequate at the increased depths.

The greater problem, and so far the more difficult of solution, is that of ventilation, which must, at one and the same time, minimize the dust hazard and provide air of such quality and in such quantity that tolerable working conditions are maintained at these increased depths. With regard to this aspect of the problem, I would stress the fact that the part played by water in the suppression of dust under indifferent ventilation conditions in the past has only served to tide over the interval of time during which it has been possible to equip our mines with adequate ventilation facilities to meet the difficulties ahead. The vital problem then is that of humidity control, and this, I am convinced, can only be obtained by a more restricted use, if not perhaps the final abandonment, of water for dust allaying, in conjunction with the circulation of larger quantities of air, for it is axiomatic that the provision of a sufficient quantity of ventilating air will by dilution and removal considerably reduce the dust hazard.

It appears inevitable that, as the average depth of workings increases, new techniques will be evolved to overcome the various problems as they arise. Further improvements in the field of ventilation may be expected in the wider use of fans of the aeroplane propeller type, improvement in the design of which can be looked for as the result of intensified development of aircraft, brought about by the war. In addition, it will probably become both necessary and desirable to pay greater attention to the streamlining of vertical shafts and underground tunnels. In order to minimize the increase in working costs resulting from deeper mining, the future may demand a greater degree of mechanization and a more systematic and co-ordinated application of mechanical appliances already in use. Speed, continuity and synchronization of the various mining operations will become factors of vital importance, while a policy of more concentrated mining may be dictated by cost considerations.

SUMMARY

The final word has not been written, but the long-term trend has been suggested by all the authorities quoted. Unless the economic importance and monetary value of gold be suddenly lessened, gold mining in the Transvaal will maintain its present position for some decades to come. Its eventual contraction is inevitable. South African authorities are agreed that it would be folly for the country to neglect, during the years of prosperity from this source, the opportunity of building up and expanding those secondary industries which have found their impetus in the requirements of gold mining and which are its potential successors.

AUSTRALIAN WHEAT AND FLOUR

Mr. Frederick Palmer, Canadian Trade Commissioner at Melbourne, cabled on November 17, regarding the wheat and flour situation in Australia, as follows:—

The estimated maximum production for the 1942-43 wheat crop is 145,000,000 bushels as compared with 170,000,000 bushels in 1941-42. Official quotations for millers' requirements are on the basis of 70 cents a bushel bulk on trucks at terminals. For stock feed f.a.q. wheat is quoted at 62 cents a bushel. Inferior wheat is quoted at 44 cents a bushel bagged for 1,800 bushel lots. The shortage of shipping still prevents flour shipments except on government account. Shipments to the Middle East are on the basis of \$39.04 and to Mauritius and Ceylon on the basis of \$39.38 a short ton f.o.b.

AUSTRALIA'S WAR BUDGET FOR 1942-43**II****L. M. COSGRAVE, CANADIAN TRADE COMMISSIONER**

In reviewing the financial aspects of the past year and proposals for the 1942-43 period, the Commonwealth Treasurer emphasized that the major factor affecting Australia's finances during the year just concluded was the unexpected increase in war expenditure as a result of Japan's entry into the conflict. This was responsible for the record expenditure of £A319,511,000 (\$1,134,264,050) on the war alone—£A98,000,000 (\$347,900,000) in excess of the 1941-42 budget estimate and approximately £A150,000,000 (\$532,500,000) greater than the 1940-41 expenditure. Of the total, £A272,938,000 (\$968,929,900) was expended in Australia and £A46,573,000 (\$165,334,150) overseas.

During the 1941-42 period three war loans were raised by voluntary subscription, totalling £A119,873,000 (\$425,549,150). In addition a conversion operation was undertaken to meet a 4 per cent loan of £A72,610,000 (\$257,765,500) maturing on November 15, 1941. The final conversion figure represented 91 per cent of the amount outstanding, which was considered extremely satisfactory.

In the previous year (1940-41) approximately £A64,000,000 (\$227,200,000) was raised by public loans, with the help of the trading banks. During the 1941-42 period the sum of £A119,873,000 (\$425,549,150) was raised without such aid in addition to the conversion of over £A66,000,000 (\$234,300,000).

Sales of war savings certificates during the past year fell below those of the previous period. They totalled £A13,194,000 (\$46,838,700)—face value—and brought the amount raised by this method since inception of the scheme to £A35,706,000 (\$126,756,300). War savings stamp sales during 1941-42 amounted to £A121,000 (\$429,550).

The Treasurer also supplied recent figures covering the aggregate debt of the Commonwealth and states as at June 30, 1942. The Commonwealth figure stood at £A718,000,000 (\$2,548,900,000), and that of the states at £A911,000,000 (\$3,234,050,000). The increase of £A203,000,000 (\$720,650,000) for the year is entirely due to additional war expenditure.

PRICE CONTROL

To ensure the efficient administration of sales tax and control of established price ceilings, the scope of price control was considerably extended during the past year, and an Order dated April 16, 1942, brought many more goods and services under official price control. By this Order the Commonwealth Prices Commissioner pegged profit margins at the actual amount ruling on April 15, 1942. Since the outbreak of war 158 traders have been prosecuted on 256 separate charges, and special action has been taken to "declare" 41 traders and to reduce their prices to conform with the principles of price control.

Considerable difficulty has been experienced in tracing "black market" activities. Moreover, in many offences against the Commonwealth prices regulations it has been found that magistrates have imposed penalties which have been quite inadequate considering the gravity of the offences, and the Government, therefore, proposes to introduce a Bill aimed at the suppression of black marketing by the imposition of severe penalties. The proposed Bill will also make provision for the better enforcement of prices control regulations by the imposition of minimum penalties.

OTHER FINANCIAL MEASURES

In his summary of financial measures for the forthcoming year, the Commonwealth Treasurer disclosed that the establishment of a Mortgage Bank

has been approved by the Government, and the necessary Bill will be brought down at an early date. It is proposed that the operations of such a bank shall be carried out by a new department of the Commonwealth Bank. The Treasurer further stated that the Government hopes that this Mortgage Bank will influence other lending institutions and mortgagees to reduce rates of interest to primary producers on mortgages. He also reviewed the effect of regulations introduced on November 26, 1941, under the title of National Security (War-Time Banking Control) Regulations, whereby all trading banks in Australia were required to comply with the policy laid down by the Commonwealth Bank. To prevent increased deposits coming to trading banks (as a result of wartime expenditure) being used as a basis for further credit expansion, each trading bank is required to lodge with the Commonwealth Bank such part of its surplus investible funds as may be directed by the Commonwealth Bank in accordance with a plan approved by the Commonwealth Treasurer. As at June 30, 1942, the total amount held by all banks in wartime deposit accounts with the Commonwealth Bank was £A37,000,000 (\$131,350,000), and the rate paid on these balances to cover administration expenses was less than 1 per cent.

MANPOWER IN INDUSTRY

A further indication of the increasing tempo of Australia's war effort was the statement that 50 per cent of the country's total manpower is now engaged exclusively on war work as compared with 25 per cent one year ago. Prior to the outbreak of war there were 540,000 factory workers in the Commonwealth; there are now 700,000, of whom only 200,000 are engaged in civil production, and a continuous survey is being conducted with a view to effecting a change-over to war industries wherever possible.

POST-WAR RECONSTRUCTION

In concluding his Budget Speech the Commonwealth Treasurer outlined certain measures designed to assist in formulating plans to cover the very difficult period of transition from wartime to peacetime conditions. In this connection it was stated that considerable research work has been undertaken by the Reconstruction Division of the Department of Labour and National Service. A special committee, consisting of the Commonwealth Treasurer, the Attorney General, the Minister for Labour and National Service, and the Minister for Social Services, has recently given special consideration to the whole question of post-war reconstruction. The Commonwealth Government has accepted their recommendation that Parliament be invested with powers sufficiently wide to enable it to deal with post-war reconstruction on a national basis. Nation-wide planning and national undertakings must be an integral part of the period of reconstruction; in peace time the constitutional limitations on Commonwealth powers, together with varying views of six state parliaments, seriously impede such broad action. Power to control prices and production, at present made possible by wartime legislation, is an essential adjunct to any progressive policy of development such as will be necessary immediately following the war. It was further pointed out that the Commonwealth Government will be called upon to deal with such matters as the re-establishment of members of the fighting services in civil life, the transfer of munition workers and others engaged in war industries to suitable peacetime employment, the development of primary and secondary industries, the prevention of profiteering, the control of prices, the maintenance and improvement of the standards of living of those engaged in rural as well as industrial occupations, the carrying out of national works, housing, national insurance, national health, and generally all problems of social and national security in the difficult post-war period that will inevitably come.

To invest the Commonwealth Government with the necessary powers to carry out the work outlined above, broad constitutional amendments will be required, and it is anticipated that a referendum from the people will be sought in the not far distant future.

POST-BUDGET DELIBERATIONS

Since the tabling of the 1942-43 budget and the dictation of the foregoing highlights from the Treasurer's budget speech, certain proposals and decisions have been made as a result of the budget debates. One decision has been tax concessions to war plants whereby depreciation on defence plant machinery and buildings constructed or acquired since June 30, 1939, is to be allowed at treble normal rates. Depreciation on such plants considered to be inadequate at the end of the war will be determined by a board of referees under the Income Tax Assessment Act. Another provides that 20 per cent of the profits of metal-liferous mining operations are to be exempt from taxation for the duration of the war. Gold mining is, of course, already exempted. Special reductions will also be allowed affecting moneys spent on air-raid precautions, except where private residences are concerned. Amounts paid to funds to supplement military pay of members on war service will also be allowable deductions. Charitable gifts will be permissible deductions for the next financial year only.

Press publicity has been given to an alleged proposal by senior Commonwealth Government Ministers to impose a surtax on incomes, to be held by the Commonwealth Treasurer as blocked credits repayable after the war. In this way the surtax would be a compulsory loan scheme and would not likely be adopted unless subscriptions to the current "austerity loan" of £A100,000,000 (\$355,000,000) are incomplete. The proposal, it is understood, is that a surtax be imposed on incomes earned to June 30, 1942, weekly wage deductions to begin on January 1, 1943. The schemes being considered are:—

1. A surtax of 15 per cent on the full amount of income tax payable. If a person paid £A100 (\$355) in income tax, he would pay a surtax of £A15 (\$53.25). On incomes of more than £A2,000 (\$7,100) there would probably be a flat surtax of £A150 (\$532.50).

2. A surtax of 20 per cent on incomes before they are assessed for ordinary income tax. In other words, all taxable incomes would be reduced by 20 per cent before income tax was levied. If a person had an income of £A1,000 (\$3,550), £A200 (\$710) would be taken in surtax, and ordinary income tax would be paid on the balance.

3. A surtax of 20 per cent on the remaining taxable income after ordinary income tax has been deducted. If a person had a taxable income of £A1,000 (\$3,550) and he paid £A300 (\$1,065) in ordinary income tax, he would pay surtax on the remaining £A700 (\$2,485).

The first scheme would raise £A14,000,000 (\$49,700,000); the second, £A30,000,000 (\$106,500,000); and the third, £A27,000,000 (\$101,350,000). The second and third schemes would embody a special family allowance as a reduction from the surtax to overcome anomalies in the suggested scale of the tax. The family allowance would probably be £A50 (\$177.50) for each dependent and would apply only for the purpose of assessing the surtax on taxable incomes.

It is suggested that the imposition of the surtax would not affect the assessment of ordinary income tax under the new uniform tax plan.

IMPORTS INTO THE UNITED STATES OF PRODUCTS UNDER THE QUOTA PROVISIONS OF THE TRADE AGREEMENT

The following table, prepared by the Canadian Trade Commissioner's office in New York from preliminary figures issued by the Treasury Department at Washington, D.C., shows the standings of the quotas provided for under the Canada-United States Trade Agreement (signed November 17, 1938) up to October 31, 1942.

	Unit	Total Quota	Reduction in Duty from 1930 Tariff Act	Used by Canada to October 31, 1942	
				Quantity	Per Cent
Cattle (700 lb. or more)	Head	225,000	3 to 1½c. per lb.	116,521	51.7
Cattle (less than 200 lb.)	Head	100,000	2½ to 1½c. per lb.	65,640	65.6
Whole milk	Gal.	3,000,000	6½ to 3½c. per gal.	4,800	0.16
Cream	Gal.	1,000,000	56% to 28¾oc. per gal.	690	....
Filletted fish, fresh or frozen: cod, haddock, hake, pollock, cusk and rosefish	Lb.	17,174,495	2½ to 1½c. per lb.	13,791,002	80.2
Seed potatoes	Bu.	1,500,000 beginning Sept 15, 1942	75 to 37½c. per 100 lb.	28,536	1.9
White or Irish potatoes, other than seed potatoes	Bu.	1,000,000 beginning Sept. 15, 1942	75 to 60c. per 100 lb. Dec. 1 to end of Feb.; 37½c. Mar. 1 to Nov. 30	2,788	0.2
Red cedar shingles	Sq.	2,617,111	Free	2,402,378	91.7
Silver or black foxes, furs and articles: *Foxes valued under \$250 each and whole furs and skins	No.	100,000 beginning Dec. 1, 1941	50 to 35% ad val.	41,130†	41.1
Tails	Piece	5,000	50 to 35% ad val.	5,000	Quota filled

* The duty on live foxes of 15 per cent ad valorem, the rate fixed in the Tariff Act of 1930, is not affected by the agreement.

† The imports from Canada of 41,130 foxes valued under \$250 each and whole furs and skins are for the period December 1, 1941, to April 30, 1942. Imports from countries other than Canada for this period totalled 23,608. For the period May 1 to November 30, 1942, the United States set the quota allotment at 41,774 for all countries, and for the months of May, June, July, August, September and October imports totalled 21,007. However, there is no indication in the statement by the Treasury Department as to what proportion of these imports was supplied by Canada.

During the fourth quarter of 1942 Canada shipped 27 head of cattle weighing 700 pounds or more, other than dairy cattle, to the United States out of a quarterly allotment of 51,720 head provided by the agreement. The fourth quarterly allotment of 6,214 head from countries other than Canada was filled, and receipts over and above this amount were subject to the full rate of tariff.

USE OF PRODUCER GAS IN INDIA

PAUL SYKES, CANADIAN TRADE COMMISSIONER

Bombay, October 22, 1942.—Petrol consumption has been subject to restriction throughout India during the past fifteen months. The regulations have varied as between several parts of the country but have in general allowed a small "basic" ration to all owners of motor vehicles and "supplementary" rations for vehicles engaged on essential services. There has been a progressive reduction in the volume of "basic" rations and a corresponding revision of the number of vehicles operating on essential services and of the "supplementary" rations allowed for their use.

Until the war spread to the Far East, India's supplies of mineral oils from Burma, Java, Sumatra, and the Persian Gulf were adequate for all ordinary purposes, and the limited distances over which they had to be carried involved little strain on tanker tonnage. Restricted consumption was still obviously desirable as a contribution to the combined war effort. The loss of Burma and the Netherlands Indies as sources of supply entirely altered the situation, and conservation of stocks and their economical distribution became a vital necessity during the early months of the year. This led to a somewhat belated but none the less definite and increasing trend towards the use of producer-gas plants for both commercial and passenger vehicles throughout the country.

The Indian Government estimates that some 7,000 vehicles, mostly buses and trucks, have been converted from petrol to producer gas during the last eighteen months. The demand for this equipment has in fact developed to a point where manufacturers have had difficulty in obtaining adequate supplies of steel, and the War Transport Department, with a view to assisting in the maintenance of essential transportation services, has taken steps to ensure the availability of steel and other materials required for the manufacture of producer-gas plants.

The central and provincial governments have also taken various steps to promote and regulate the output of charcoal. India is already a large producer of this commodity, but it has been necessary to encourage increased output of grades that are suitable for use in producer-gas plants and to ensure that stocks of proper size and quality are available when and where the demand is greatest. Publicity has accordingly been given, through the various forest services, to the types of wood to be used, the best methods of burning, briquetting, and other aspects of the business. Several authorities have undertaken investigations into the use of coke as a substitute for charcoal.

These combined efforts of the central and provincial governments and of the commercial community have already resulted in the saving of millions of gallons of petrol, in considerable monetary savings also from the economical operation of vehicles equipped with producer-gas plants, and in the maintenance of many passenger and goods services which would otherwise have had to be abandoned for the duration of the war.

TARIFF CHANGES AND TRADE REGULATIONS

British Honduras

NOT MORE THAN 5 PER CENT INSURANCE IN DUTIABLE VALUE

Mr. F. W. Fraser, Canadian Trade Commissioner at Kingston, Jamaica, reports that, by statutory rule and order made by His Excellency the Governor of British Honduras on September 25, the amount of insurance to be included in the valuation of goods for the purpose of assessing ad valorem duty is limited to the actual amount paid for insurance or 5 per cent of the initial cost of the goods in the country of export, whichever is the less. Formerly the entire cost of insurance, whatever it might be, was taken into account for this purpose. Ad valorem duties are levied in British Honduras on the c.i.f. basis.

United States

EFFECTIVE DATE FOR CONSULAR INVOICE REGULATION

With reference to the notice published in *Commercial Intelligence Journal* No. 2017 (September 26, 1942), page 300, concerning amendments made by Treasury Decision 50711 to United States Customs Regulations, which removed certain exemptions from the certified invoice requirements, a Customs Bureau

letter of October 20 states that this amendment is effective as to shipments entered on and after October 1, 1942.

TRANSPORTATION TAX IN NEW REVENUE ACT

The United States Revenue Act—Public Law 753 of the 77th Congress—approved by the President on October 21, contains in Section 3475, under the heading "Transportation of Property," the following provision for tax on the costs of transportation of goods:—

(a) Tax:—There shall be imposed upon the amount paid within the United States after the effective date of this section for the transportation, on or after such effective date, of property by rail, motor vehicle, water, or air from one point in the United States to another, a tax equal to 3 per centum of the amount so paid, except that, in the case of coal, the rate of tax shall be 4 cents per short ton. Such tax shall apply only to amounts paid to a person engaged in the business of transporting property for hire, including amounts paid to a freight forwarder, express company, or similar person, but not including amounts paid by a freight forwarder, express company or similar person for transportation with respect to which a tax has previously been paid under this section. In the case of property transported from a point without the United States to a point within the United States, the tax shall apply to the amount paid within the United States for that part of the transportation which takes place within the United States. The tax on the transportation of coal shall not apply to the transportation of coal with respect to which there has been a previous taxable transportation.

(b) Exemption of Government Transportation: The tax imposed under this section shall not apply to amounts paid by or to the United States or any agency or instrumentality of the United States for the transportation of property.

Chile

TARIFF TREATMENT OF PRINTING PAPER AND CELLULOSE

Mr. M. J. Vechsler, Canadian Trade Commissioner at Santiago, writes that, under a Chilean law of October 20, 1942, entry free of customs duty into Chile is accorded to paper used for printing periodicals, reviews and printed books, which complies with the following requirements: (a) weighs 165 grams per square metre; (b) is white or with light tone colour, such as cream, pearl, pink, light blue or similar; (c) is free from animal sizing; (d) contains more than 30 per cent mechanical paste; (e) can be penetrated by writing ink; (f) has watermark consisting of parallel lines 4 centimetres apart (with a tolerance of 2 millimetres either way).

Special paper used solely for covers of reviews whose frontispieces are printed three chrome or in four or more different inks, also in such cases using two or more colours in the interior pages, are admitted at a rate of 0.0075 gold peso per kilogram gross weight (about 5 cents per 100 pounds) if it complies with the following conditions: (a) weighs more than 100 and less than 165 grams per square metre; (b) is white; (c) is free from animal sizing; (d) neither side is covered by mineral substances or so treated on both sides at the same time; (e) has watermark consisting of parallel lines distant one from another 5 centimetres (with a tolerance of 2 millimetres either way). Proof as to the use to which this paper is put must be given.

All waste and cuttings from both the above types of paper may be utilized solely as raw material for the manufacture of paper and cardboard.

For the purpose of the application of the foregoing customs treatment, the kinds of publications benefited thereby are restricted to: (a) periodicals that are published at least once monthly, containing miscellaneous articles, news and advertisements; (b) reviews that are published at least once quarterly containing articles of a miscellaneous nature or dealing with some special subject; (c) printed books, literary, scientific, historical, philosophical and artistic works and student's text books. The following are not considered within this scope: travel guides, pamphlets, petitions (except those of candidates for university

degrees), bulletins (except those possessing the characteristics of reviews), catalogues (excepting publishers' announcements), annuals, programs and similar printed forms.

Cellulose imported and used by Chilean paper manufacturers for making watermarked paper enjoys the same exemption as paper used for periodicals and reviews. Duties, taxes and dues which may have been paid by national paper manufacturers on imports of such cellulose will be refunded by the Customs Superintendent on receipt of proof of its legitimate use.

TAXES ON TOILET ARTICLES AND PHARMACEUTICAL REMEDIES

Mr. M. J. Vechsler, Canadian Trade Commissioner at Santiago, writes that a Chilean decree of October 8, 1942, establishes taxes on toilet articles and pharmaceutical products, which are applicable whether the products are manufactured in Chile or imported.

On toilet articles and perfumes the tax ranges from 20 centavos per unit when the retail price is between 1 peso and 2 pesos to 3 pesos when the price is between 15 and 20 pesos. On pharmaceutical remedies the tax ranges from 20 centavos on products selling at 2 to 5 pesos to 1 peso when the price is between 10 and 20 pesos. The rates are proportionately higher for goods selling at over 20 pesos. On mineral waters or those containing mineral substance and, in general, non-alcoholic beverages sold in closed containers, except concentrated syrups, the tax is 10 centavos per unit when the retail price does not exceed 2 pesos. Those of higher price are subject to the same rates as remedies.

Flours, milks and, in general, products intended for the sustenance of infants and convalescents, serums and vaccines of Chilean origin, Chilean products exported, remedies required by certain institutions, and soaps for hygienic cleansing and dentifrices, whose retail price does not exceed 3 pesos, are exempt from the tax. Exemptions may also be granted for medicinal remedies, drugs or remedies and biological products reported by the health authorities to be necessary in the interest of public health or animal and vegetable life.

Manufacturers, importers and representatives of foreign and national products or any person having commercial dealings in any article taxed under this law must be inscribed in the registers of the Department of Internal Taxes. Moreover, manufacturers, importers and representatives must register the trade marks of the products manufactured, imported or represented by them.

The Chilean peso (100 centavos) equals 3.55 cents Canadian at the current free rate of exchange.

BRITISH TRADE COMMISSIONERS IN CANADA

Canadian importers and others desirous of obtaining information regarding the export trade of the United Kingdom and Canadian firms desirous of representing British manufacturers in Canada are invited to communicate with the undermentioned:—

The Senior British Trade Commissioner in Canada and Newfoundland, 56 Sparks St., Ottawa. Telegraphic address: "Sencom."

The British Trade Commissioner (for Quebec, the Maritime Provinces and Newfoundland), 1111 Beaver Hall Hill, Montreal, Que. Telegraphic address: "Britcom."

The British Trade Commissioner (for Ontario), 67 Yonge Street, Toronto, Ont. Telegraphic address: "Toroncom."

The British Trade Commissioner (for Alberta and British Columbia), 850 West Hastings Street, Vancouver, B.C. Telegraphic address: "Vancom."

The British Trade Commissioner (for Manitoba, Saskatchewan and Northwest Ontario), 703 Royal Bank Building, Winnipeg, Man. Telegraphic address: "Wincom."

Canadian Trade Commissioners should be kept supplied with catalogues, price lists, discount rates, etc., and the names and addresses of trade representatives by Canadian exporters. Catalogue should state whether prices are at factory point, f.o.b. at port of shipment, or, which is preferable, c.i.f. at foreign port.

The Canadian Government Trade Commissioners at the present time are using Bentley's Second Phrase Code.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING NOV. 23, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, November 23, 1942, and for the week ending Monday, November 16, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Nov. 16	Nominal Quotations in Montreal Week ending Nov. 23	Official Bank Rate
Great Britain.	Pound	4.8666			
	Buying		\$4.4300	\$4.4300	2
	Selling		4.4700	4.4700	—
United States.	Dollar	1.0000			
	Buying		1.1000	1.1000	1
	Selling		1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
	Bid		4.4200	4.4200	—
	Offer		4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
	Official		.3304	.3304	3½
	Free		.2622	.2622	—
Brazil	Cruzeiro (Paper)	.1196			
	Official		.0673	.0673	—
	Free		.0572	.0572	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
	Official		.0574	.0574	3-4½
	Export		.0444	.0444	—
Colombia.	Peso	.9733	.6328	.6328	4
Venezuela	Bolivar	.1930			
	Official		.3313	.3313	—
	Free		.3330	.3330	—
Uruguay.	Peso	1.0342			
	Controlled		.7307	.7307	—
	Uncontrolled		.5853	.5853	—
South Africa.	Pound	4.8666			
	Bid		4.3862	4.3862	3
	Offer		4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
	Bid		4.5380	4.5380	—
	Offer		4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
	Bid		3.5300	3.5300	3
	Offer		3.5760	3.5760	—
New Zealand.	Pound	4.8666			
	Bid		3.5440	3.5440	1½
	Offer		3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

C. H. PAYNE, *Director*

Argentina

J. A. STRONG, Commercial Attaché, Bartolome Mitre 478, Buenos Aires (1). (Territory includes Uruguay.) *Cable address, Canadian.*

Australia

Sydney: L. M. COSGRAVE. Address for letters—P.O. Box No. 3952V. Office—City Mutual Life Building, Hunter and Bligh Streets. (Territory includes the Australian Capital Territory, New South Wales, Queensland, Northern Territory and Dependencies.) *Cable address, Canadian.*

Melbourne: FREDERICK PALMER, 44 Queen Street, Melbourne, C.I. (Territory includes States of Victoria, South Australia, Western Australia, and Tasmania.) *Cable address, Canadian.*

Brazil

L. S. GLASS, Commercial Attaché. Address for letters—Caixa Postal 2164, Rio de Janeiro. Office—Ed. Metr pole, 7th Floor, Av. Presidente Wilson 165. *Cable address, Canadian.*

British India

PAUL SYKES. Address for letters—P.O. Box 886, Bombay. Office—Gresham Assurance House, Mint Road, Bombay. (Territory includes Burma and Ceylon.) *Cable address, Canadian.*

British West Indies

Trinidad: G. A. NEWMAN. Address for letters—P.O. Box 125, Port of Spain. Office—Colonial Life Insurance Building. (Territory includes Barbados, Windward and Leeward Islands, and British Guiana.) *Cable address, Canadian.*

Jamaica: F. W. FRASER, P.O. Box 225, Kingston. Office—Canadian Bank of Commerce Chambers. (Territory includes the Bahamas and British Honduras.) *Cable address, Canadian.*

Chile

M. J. VECHSLER. Address for letters—Casilla 771, Santiago. (Territory includes Bolivia.) *Cable address, Canadian.*

Cuba

J. L. MUTTER. Address for letters—Apartado 1945, Havana. Office—Royal Bank of Canada Building, Calle Aguiar 367, Havana. (Territory includes Haiti, the Dominican Republic, and Puerto Rico.) *Cable address, Canadian.*

Egypt

RICHARD GREW. Address for letters—P.O. Box 1770, Cairo. Office—22 Shari Kasr el Nil, Cairo. (Territory includes the Sudan, Palestine, Cyprus, Iraq, Syria, Iran and Turkey.) *Cable address, Canadian.*

Ireland

E. L. MCCOLL, 66 Upper O'Connell Street, Dublin, Ireland (*cable address, Canadian*); and 36 Victoria Square, Belfast, Northern Ireland.

Mexico

C. S. BISSETT. Address for letters—Apartado Num, 126-Bis, Mexico City. Office—Edificio Banco de Londres y Mexico, Num. 30, Mexico City. (Territory includes Guatemala, Honduras, and Salvador.) *Cable address, Canadian.*

CANADIAN GOVERNMENT TRADE COMMISSIONERS—*Con.*

Newfoundland

R. P. BOWER, Acting Trade Commissioner, Circular Road, St. John's. *Cable address, Canadian.*

New Zealand

C. B. BIRKETT, Acting Trade Commissioner. Address for letters—P.O. Box 33, Auckland Office—Yorkshire House, Shortland Street, Auckland. (Territory includes Fiji and Western Samoa.) *Cable address, Canadian.*

Panama

H. W. BRIGHTON. Address for letters—P.O. Box 222, Panama City. Office—98 Central Avenue, Panama City. (Territory includes the Canal Zone, Venezuela, Colombia, Nicaragua, Costa Rica, and the Netherlands West Indies). *Cable address, Canadian.*

Peru

W. G. STARK, Acting Trade Commissioner. Address for letters—Casilla 1212, Lima. Office—Edificio Boza, Carabaya 831, Plaza San Martin, Lima. (Territory includes Ecuador.) *Cable address, Canadian.*

South Africa

Cape Town: J. C. MACGILLIVRAY. Address for letters—P.O. Box 683. Office—New South African Mutual Buildings, 21 Parliament Street. (Territory includes Cape Province and Southwest Africa, Natal, Tanganyika, Kenya, Uganda, Mauritius, Madagascar and Angola.) *Cable address, Cantracom.*

Johannesburg: H. L. BROWN, Acting Trade Commissioner. Address for letters—P.O. Box 715. Mutual Buildings, Harrison Street. (Territory includes Transvaal, Orange Free State, the Rhodesias, Mozambique or Portuguese East Africa, Nyasaland and the Belgian Congo.) *Cable address, Cantracom.*

United Kingdom

London: FREDERIC HUDD, Chief Trade Commissioner in the United Kingdom, Canada House, Trafalgar Square, S.W.1. *Cable address, Sleighing, London.*

London: J. A. LANGLEY, Trade Commissioner, Canada House, Trafalgar Square, S.W.1. (Territory includes Home Counties, Southeastern Counties, and East Anglia; also British West Africa.) *Cable address, Sleighing, London.*

London: W. B. GORNALL, Fruit Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Canfrucum.*

London: G. R. PATERSON, Animal Products Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Agrilson.*

Liverpool: A. E. BRYAN, Martins Bank Building, Water Street. (Territory includes North of England, Lincolnshire, North Midlands, and North Wales.) *Cable address, Canadian.*

Bristol: JAMES CORMACK, Northcliffe House, Colston Avenue. (Territory includes West of England, South Wales, and South Midlands.) *Cable address, Canadian.*

Glasgow: G. B. JOHNSON, 200 St. Vincent Street. (Territory covers Scotland.) *Cable address, Cantracom.*

United States

Washington: H. A. SCOTT, Commercial Attaché. Office—Canadian Legation.

New York City: D. S. COLE, British Empire Building, Rockefeller Center. (Territory includes Bermuda.) *Cable address, Cantracom.*

Chicago: M. B. PALMER, Tribune Tower, 435 North Michigan Avenue. *Cable address, Canadian.*

Los Angeles: T. J. MONTY, Acting Trade Commissioner, Associated Realty Building, 510 West Sixth Street. *Cable address, Canadian.*

Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

Commercial Intelligence Journal

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Minister:
Hon. James A. MacKinnon, M.P.

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Oliver Master

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SHIPPING SPACE FOR EXPORTS TO THE UNION OF SOUTH AFRICA

The shipment of goods from Canada to the Union of South Africa is approved by the Accredited Representative of the Union of South Africa, 56 Sparks Street, Ottawa, in accordance with the priority that is applicable. Priority ratings are given orders placed in Canada by the Department of Commerce and Industries, Pretoria, when importers apply for their import permits. When issuing the import permit the Department of Commerce and Industries also issues a certificate of essentiality, and the priority rating is inserted on that certificate. These certificates are then forwarded by the South African importers to manufacturers in Canada, who in turn register them with the Office of the Accredited Representative of the Union of South Africa, and space is then allocated when available in accordance with the rating applicable.

This system of granting import licences and certificates of essentiality to South African importers precludes operations by speculators.

MAXIMUM PRICES FOR CANNED SALMON IN THE UNITED STATES

D. S. COLE, CANADIAN TRADE COMMISSIONER

New York, November 12, 1942.—Effective November 9, 1942, Maximum Price Regulation 265, issued by the Office of Price Administration, set packers' specific maximum sale prices of canned salmon in the United States except in the Columbia River region, for which a separate regulation will be issued later.

Following are the gross maximum prices per case f.o.b. car at Seattle, Washington, for salmon canned in territory outside the continental United States and f.o.b. car at the shipping point nearest cannery for salmon canned within the United States. For salmon canned in Alaska and sold for con-

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sumption in Alaska the maximum price shall be 50 cents less per case of 48 one-pound cans than the prices set forth below:—

United States Canned Salmon Prices

Variety	Style of Container	Price Per Case
Chinook	$\frac{1}{2}$ lb. flats	\$12.00
Red	1 lb. talls	15.00
Red	1 lb. flats	15.50
Red	$\frac{1}{2}$ lb. flats	9.00
Coho	1 lb. talls	11.60
Coho	1 lb. flats	12.30
Coho	$\frac{1}{2}$ lb. flats	7.75
Pink	1 lb. talls	8.00
Pink	1 lb. flats	8.00
Pink	$\frac{1}{2}$ lb. flats	5.20
Chum	1 lb. talls	7.60
Chum	$\frac{1}{2}$ lb. flats	5.00
Alaska sockeye	1 lb. talls	15.00
Alaska sockeye	1 lb. flats	16.00
Alaska sockeye	$\frac{1}{2}$ lb. flats	11.00
Puget Sound sockeye	1 lb. talls	18.00
Puget Sound sockeye	1 lb. flats	19.00
Puget Sound sockeye	$\frac{1}{2}$ lb. flats	11.00

For varieties, container sizes, or types and styles of pack of salmon not listed above the prices are determined by the Office of Price Administration in line with those mentioned.

Distributors, wholesale and retail, will continue to be governed by the General Maximum Price Regulation at the individual seller's top March prices, or, where inadequate, by the special formulas set out in Maximum Price Regulations 237 for wholesalers and 238 for retailers. The new canners' ceilings will reflect a price generally in line with the maximum prices permitted to be paid by both government agencies and the private trade.

UNITED STATES FEED SITUATION

D. S. COLE, CANADIAN TRADE COMMISSIONER

New York, November 9, 1942.—A recent report issued by the Bureau of Agricultural Economics on the United States feed situation indicated that prospective supplies of feed grains and hay for the 1942-43 season are the largest on record. The combined production of corn, oats, barley and grain sorghums will be about 120,000,000 tons, which is 3 per cent greater than the previous record, established in 1920. The hay crop is indicated as being 7 per cent larger than in any previous year.

FEED GRAINS

While the 1942-43 disappearance will likely be the largest on record, the indicated feed-grain production appears sufficient for the increased requirements of live stock. Carryover of feed grains at the close of the 1942-43 season will be about the same as the carryover at the beginning of the year.

During the past year feed-grain prices have risen by about 16 per cent and by almost 75 per cent since the beginning of the war. Prices of by-product feeds and hay have increased considerably during the past three years, but prices of all feeds have advanced much less than during the first three years of World War I. It is anticipated that there will be some further increases in feed prices during the coming year but these will be limited by the large supplies of feeds available, by the feed-wheat program, and by price ceilings.

CORN

Following favourable and rapid development during August, the corn crop continued to make excellent progress during the first three weeks of September, when weather conditions prevailing over most of the country were very favourable. As a result, the United States will have an exceedingly large corn production this year.

The following table shows the production, carryover, supply and disappearance of corn for the years 1939 to 1942:—

United States Corn Supplies

October 1	Production 1,000 Bu.	Carryover 1,000 Bu.	Supply 1,000 Bu.	Disappearance 1,000 Bu.
1937-41 average	2,589,756	471,084	3,060,240	2,514,000
1939	2,602,133	585,543	3,184,676	2,493,000
1940	2,460,624	694,804	3,155,428	2,510,000
1941	2,672,541	645,759	3,318,300	2,826,000
1942	3,132,002	492,238	3,624,240	.....

The record-breaking corn crop of 3,132,002,000 bushels as of October 1, 1942, is 61,000,000 bushels above the previous record crop of 3,070,604,000 bushels in 1920 and 17 per cent greater than the 1941 crop. This bumper crop is the result of the highest yield per acre on record, 35 bushels, and is 4 bushels per acre greater than the 1941 yield.

The 1942 carryover of corn is estimated at 492,238,000 bushels and includes 423,597,000 bushels on the farms on October 1. Thus the total supply for 1942-43 is placed at 3,624,240,000 bushels, an increase of 9.2 per cent over the 1941 figure of 3,318,300,000 bushels.

It is estimated that about 17,000,000 more hogs will be produced during the 1942-43 corn-marketing season than during the preceding season, and that the weight to which hogs are fed will continue above average. On this basis it is estimated that the quantity of corn fed to hogs may be increased by more than 200,000,000 bushels.

In view of the increase in live-stock numbers, the supply of corn per animal consuming unit is expected to be about as large as last year, thus the disappearance or consumption of corn will approximate 2,800,000,000 bushels and will leave a substantial supply for carryover and lend-lease requirements.

OATS

The following table shows the supply and distribution of oats in the United States for the years 1939 to 1942:—

United States Oats Supplies

July 1	Production 1,000 Bu.	Carryover 1,000 Bu.	Supply 1,000 Bu.	Disappearance 1,000 Bu.
1937-41 average	1,117,628	171,402	1,289,030	1,097,000
1939	935,942	193,408	1,129,350	983,000
1940	1,246,050	146,618	1,392,668	1,169,000
1941	1,176,107	223,954	1,400,061	1,206,000
1942	1,369,540*	193,797	1,563,337*	.....

* Estimate for October 1, 1942.

Preliminary estimates as of October 1, 1942, place the 1942 oats production at 1,369,540,000 bushels, an increase of 16 per cent over the 1941 figure. The estimated yield per acre of 36 bushels is the third largest on record and is 5 bushels above the 1941 yield of 31 bushels.

Stocks of oats on the farms on October 1, 1942, were estimated at 1,141,411,000 bushels, equivalent to 83.3 per cent of the 1942 crop and 20 per cent greater than the 952,329,000 bushels on hand last year. Disappearance

of oats from the farms for the July-September period of 1942 amounted to 419,817,000 bushels as against 443,826,000 bushels in 1941 and the average of 352,420,000 bushels for this period. With a carryover of 193,797,000 bushels on July 1 and an estimated production of 1,369,540,000 bushels as of October 1, the supply available is placed at 1,563,337,000 bushels.

BARLEY

As a result of a very favourable season for barley production, and even though considerable grain was damaged by wet weather at harvest, the preliminary estimates for the crop indicate it is the largest on record.

The following table shows the supply and distribution in the United States of barley for the years 1939 to 1942:—

United States Barley Supplies

June 1	Production 1,000 Bu.	Carryover 1,000 Bu.	Supply 1,000 Bu.	Disappearance 1,000 Bu.
1937-41 average	283,383	50,241	333,624	274,000
1939	274,767	58,037	332,804	273,600
1940	310,108	58,833	368,941	299,000
1941	358,709	70,341	429,050	348,000
1942	426,188*	80,801	506,989*	.....

* Estimate for October 1, 1942.

Barley production was estimated as of October 1 at 426,188,000 bushels, 19 per cent greater than the 1941 production. The increase in production is attributed to greater acreage harvested, as the 1942 yield of 25.4 bushels per acre was just below that of 1941 when the average yield was 25.5 bushels.

The barley supply as of October 1 is estimated at 506,989,000 bushels, the largest in recent years. Allowing for an increase in disappearance both for domestic consumption and lend-lease requirements, it is estimated that the carryover of barley on June 1, 1943, will be close to 100,000,000 bushels.

FEED PRICES

While prices of all feeds, reflecting a strong demand, are somewhat higher than a year ago, in recent months there has been some weakness in prices, due to the prospective large crops of corn, oats and barley as well as to the availability of large supplies of by-product feeds. Although there has been little change in corn prices since last March, oats and barley prices have declined seasonally.

The following table shows prices of specified feeds for September, 1940 and 1941 and the months of July to October, 1942:—

United States Feed Prices

	1940 Sept. \$	1941 Sept. \$	1942			
			July \$	Aug. \$	Sept. \$	Oct.* \$
Grains—			Per 100 Pounds			
Corn No. 3 yellow, Chicago . . .	1.15	1.34	1.54	1.51	1.50	1.39
Oats No. 3 white, Chicago . . .	0.97	1.43	1.49	1.53	1.51	1.44
Barley No. 2. Minneapolis . . .	0.88	1.26	1.36	1.33	1.25	1.26
Wheat No. 2 hard winter, Kansas	1.26	1.90	1.80	1.85	2.00	1.99
By-product feeds—						
Bran, standard, Chicago	1.00	1.58	1.78	1.67	1.64	1.59
Middlings, standard, Chicago . .	1.03	1.62	1.91	1.68	1.65	1.61

*Average for the week ended Oct. 17, 1942.

The price of No. 3 yellow corn at the Chicago market has advanced from 58 cents per bushel for the January-March period of 1939 to 85 cents for the July-August period of 1942, or by 46 per cent.

No. 3 white oats in the Chicago market have increased from 31 cents per bushel for the January-March period of 1939 to 48 cents for the July-August period of 1942. However, in the January-March period of 1942 the price was still higher at 56 cents per bushel.

No. 3 barley prices at Minneapolis were 50 cents per bushel for the January-March period of 1939 and have increased by 30 per cent to 65 cents for the July-August period of 1942. The high was reached in the January-March period of this year, when the price averaged 72 cents.

HAY

Recent reports by the Bureau of Agricultural Economics indicate that conditions throughout the United States have been ideal for hay crops and, as a result, the United States has a record production this year, exceeding the previous high record crop harvested in 1916.

The following table shows the production, carryover, supply and disappearance of hay for the years beginning May 1, 1939 to 1942:—

United States Hay Supplies

May 1	Production 1,000 Tons	Carryover 1,000 Tons	Supply 1,000 Tons	Disappearance 1,000 Tons
1939	85,124	16,377	101,501	90,548
1940	94,541	10,953	105,494	92,544
1941	94,107	12,950	107,057	95,798
1942	104,914*	11,259	116,173*	....

* Estimate for October 1, 1942.

As noted above, the 1942 hay crop is placed at 105,000,000 tons, an increase of more than 10,000,000 tons over the 1940 and 1941 crops. As of October 1 the production of tame hay was placed at 91,583,000 tons as against 82,358,000 tons in 1941, a gain of 11 per cent. The tame-hay yield per acre for 1942 is 1.53 ton as compared with the 1941 yield of 1.39 ton. The wild-hay production is estimated at 13,331,000 tons as against 11,749,000 tons in the previous year, a gain of 13 per cent. The yield per acre of wild hay is 1.04 ton as against 0.93 ton in 1941.

The alfalfa-hay crop of 35,853 tons is the largest on record, exceeding the 1941 crop of 32,346,000 tons by 9.7 per cent. The alfalfa-hay yield per acre increased from 2.17 tons in 1941 to 2.31 tons. The increase in acreage of alfalfa, which is a high-yielding hay, accounts for the upward trend in the average yield of all tame hay.

The 1942 carryover of hay from the previous year amounted to 11,259,000 tons and this, added to the production of 104,914,000 tons, gives a supply of 116,173,000 tons as against 107,057,000 tons in 1941, a gain of 8.4 per cent. On the assumption that hay-consuming animal units on the farms on January 1 totalled 84,500, there would be a supply of 1.37 ton of hay per animal unit. However, for the years 1939 to 1941 the disappearance per animal unit was approximately 1.16 ton of hay. Thus the disappearance or consumption of hay for the year beginning May 1, 1942, should approximate 98,000,000 tons.

HAY PRICES

A report issued by the Kansas City Branch of the Bureau of Agricultural Economics for the week ending November 3, 1942, indicates that in the prairie markets prices for prairie hay ranged from \$8 to \$12 per ton. In the Elkhorn Valley of Nebraska the producers were being paid \$7 to \$7.50 per ton, baled and delivered. In Eastern Kansas, owners were asking up to \$12 per ton at the barns for best-quality prairie hay, while medium grades were selling to feeders at \$9.50 per ton, delivered. Kansas City prices were steady, with upper

grades, suitable for stockyards, moving at \$12 per ton. Nominal quotations for No. 1 hay delivered from the shipping points were from \$11 to \$12 per ton, and No. 2 hay was quoted at \$10 to \$10.50.

During the past week, prices of alfalfa hay increased by about \$1 per ton. Following are the nominal quotations by grade for alfalfa hay at Kansas City: No. 1, Extra Leafy, \$21; No. 2, Extra Leafy, \$20 to \$20.50; No. 1, \$18 to \$19; No. 2, Leafy, \$17.50 to \$18.50; No. 2, \$16 to \$17; No. 3, Leafy, \$14.50 to \$15.50; and No. 3, \$13 to \$14.

HAY SEEDS

Due to a reduction in acreage, shortage of labour and the low quality of early cuttings of the 1942 hay crop, the supply of legume-hay seeds for the 1942-43 crop year is somewhat smaller than for 1941-42 and is below domestic requirements in recent years. The supply of alfalfa seed is estimated at 59,000,000 pounds, 11 per cent below that of last year and almost 10,000,000 pounds under the domestic disappearance of 69,000,000 pounds in the past year.

Likewise, production and supply of clover seeds for 1942-43 are below those of the previous year and are far under the domestic and lend-lease requirements. On the other hand, supplies of most grass seeds are larger than last year's and are generally adequate for the 1942-43 requirements.

CONDITIONS IN SOUTH AFRICA

J. C. MACGILLIVRAY, CANADIAN TRADE COMMISSIONER

Cape Town, October 2, 1942.—Subject to the restrictions of wartime exigencies, general business conditions in the Union of South Africa continue to be fairly active, although a scarcity of raw materials has been hampering industrial production. The increasing development of local resources has, however, assisted in preventing any marked reduction in output. In order to be better able to cope with increasing difficulties, the Minister of Commerce and Industries has recently announced the formation of an Industrial Supplies Commission to assist manufacturers in obtaining essential raw products, and concurrently steps will be taken to pool overseas indents. The growth of new manufacturing establishments, most of which are ancillary to the leather industry, has been noted in the *Official Journal* of the Department of Commerce and Industries. These include the production of chrome salts, raw and sulphonated oils, glue and gelatine, cellulose adhesives, lacquers and pigment finishes, acetone substitute, bating materials from fish viscera, wax from sugar cane, lactic acid from spent whey, specialized tanning extracts and sodium sulphide.

Retail and wholesale trade is brisk, but depleted stocks render a downward movement of turnover inevitable. Many of the larger retailers are endeavouring to conserve supplies by restricting hours of business, but with doubtful results. Rationing of various commodities has been suggested but, in view of the obvious difficulties of putting such a scheme into operation in a country with such a diverse and scattered population, no definite action has been taken. Imported products in particular are becoming very scarce, with dealers attempting to stretch out existing supplies by limiting quantities sold to each customer or by giving precedence to regular purchasers. Black market operations are reported to have reached considerable proportions and to be causing the price control officials some concern.

AGRICULTURE

The general agricultural outlook is more favourable than a year ago. Excessive rains in the South-western Cape have interfered with the wheat crop, but elsewhere the prospects are better. The volume of the corn crop has been

below normal but larger than originally anticipated and probably adequate for requirements. The live-stock situation is regarded as being reasonably satisfactory, although droughts in some areas have caused a heavy loss of sheep.

GOLD PRODUCTION

The output of the Transvaal gold mines for the first half of 1942 was 7,156,847 fine ounces valued at £60,117,515 in comparison with 7,107,501 fine ounces valued at £59,703,008 for the corresponding period of the preceding year. Rumours of a change in government policy in respect to gold have been denied by the Minister of Mines, who has stated that gold production is to be maintained at its present level.

FINANCIAL CONDITIONS

Union revenue continues to expand, total receipts for the four months ending July 31 being £17,302,390 as compared with £13,863,930 for the same period of 1941. The increase has been distributed among all the principal sources of income with the exception of customs duties, which reflect the difficult import position by a reduction from £4,061,679 in 1941 to £3,480,624 for the current four months.

In dealing with the financing of the war the responsible Minister has stated that in 1938-39, the last pre-war year, the total national expenditure of the Union was only about £40,000,000. For the current twelve months £80,000,000 is being spent on defence alone as against £2,000,000 in 1938-39. As a result of increased taxation, it is estimated that £42,300,000 of that amount will be obtained from income, leaving £37,700,000, which is about £5,000,000 more than in the two previous years, to be borrowed. In the past substantial sums have been raised through the Post Office Savings Bank and the sale of Union loan certificates and savings bonds. This year it is hoped to do better from these sources. Compulsory saving, which was introduced with the last budget, has not had any markedly adverse effect on voluntary contributions to the thrift campaign, which is doing much to draw off spending power that would otherwise have an inflationary effect. To combat this and to raise the necessary funds, the issue of a new 3 per cent defence loan was announced on August 31; this loan is redeemable in 1964 or on or after August 15, 1957, at three months' notice. No fixed objective has been set nor is any time limit stipulated, although it is stated that three months is the limit for which subscriptions will be received. In order to reach the small investor, the minimum subscription is set at £5 and multiples in excess of that amount.

BREAD BAKING IN NORTHERN IRELAND

E. L. McCOLL, CANADIAN TRADE COMMISSIONER

Belfast, November 14, 1942.—The consumption of bread in Ulster has gone up since the outbreak of war, largely because of the increase in the population.

The old sponge-and-dough method continues to be favoured in Londonderry, Newry, and a few small places, but on the whole its use is decreasing, the tendency being to adopt the short method of six to seven hours. Bakers have been experimenting with the use of domestic flour and the sponge method, so that in an emergency bread could be produced with much less yeast.

Prior to the introduction of national wheatmeal, only the finest flour was used, including large quantities of top-grade Manitoban patents, and the bread produced was recognized as being among the best in the United Kingdom. The price was generally $\frac{1}{2}$ d. or 1d. per four-pound loaf more than in the United Kingdom, owing to the high quality of the flour used and the rather expensive

door-to-door delivery system which obtains throughout the province. At present prices of bread in Northern Ireland are as follows: 9½d. per 4-pound loaf, 4½d. per 2-pound loaf, and 2½d. per 1-pound loaf.

The price of flour to the baker is 39s. 3d. per sack of 280 pounds, the average yield per sack being 94 4-pound loaves. It is estimated that the larger plant bakeries use about 15,000 sacks of 280 pounds each per week, 75 per cent of this quantity being used for bread and the remainder for flour confectionery. Most of the flour in use at present is milled locally. Before the outbreak of war, wheats from all parts of the world were used. Canadian wheat finds great favour, since it produces the strong flour that bakers find very suitable for making batch bread.

Irish bread may be divided roughly into three categories: (a) bread aerated by means of yeast; (b) bread aerated by chemical means; and (c) potato bread.

BREAD AERATED BY YEAST

Prior to the war, the most popular yeast-raised bread in Northern Ireland was batch bread. Since the introduction of the national wheatmeal flour, however, this has been very largely superseded by pan bread, although the batch loaf is still made on a substantial scale. It is made of a stiff dough; in the North of Ireland the loaf is square, but in Dublin it is often hexagonal, although the process of manufacture is much the same in each case. According to one important baker a large proportion of Ulster bread-making is carried out, using the straight dough process, according to formulae closely approaching the following: flour, 280 pounds; salt, 4 pounds; yeast, 2½ pounds; water, 15 gallons; dough time, 4 hours from mixer to oven; baking time, 80 to 85 minutes; oven temperature, 450° Fahrenheit.

Another baker stated that he added to the above 1 pound of malt extract and 4 pounds of fat. In the latter bakery, when the flour is delivered it is taken by mechanical conveyer to the flour store, where it is kept for a few weeks to mature. When it is to be used, it is first of all carefully sieved to remove any extraneous matter. It is then mixed by machinery with the requisite proportions of water, yeast, etc., to form a dough. In the plant used for Irish batch bread, the doughs are made in the older type of Viennara mixer, from which they are transferred through chutes in the floor to special dough containers in the automatic dough-conditioning plant on the floor below. When the baker considers the dough to be properly matured, he divides it into loaves. This operation is generally performed by machinery, except in small country bakeries. The pieces of dough are moulded into round shapes in the case of batch bread and into long cylindrical shapes for pan bread. They are then allowed to prove, that is to say, to rise until they are large enough to be put into the oven. When batch loaves—which are not baked in tins as are the pan loaves but have to stand up alone—are ready to enter the oven, the sides are lightly greased with melted fat or cooking oil, so that when baked they can easily be separated. They are placed close together in the oven and, as the dough expands under the influence of heat, the spaces between them are filled out, so that when the loaf is baked it has four or six sides, as the case may be, quite free from crust, since the loaves are touching. The top and bottom crusts are fairly thick.

The type of oven used varies in different bakeries. In the large bread factories the loaves are placed at one end of a travelling oven, and pass at a controlled speed through its entire length, to emerge at the other end properly baked. The furnace of the oven may be heated by coal, coke, gas or fuel oil. Gas and fuel oil have become popular of late on account of the absence of dust and dirt.

After baking, the loaves are cooled before they are dispatched. Most of the modern bakeries are equipped with automatic coolers. These consist of a series of trays on which the bread is placed. The trays travel along an endless

conveyer and a current of cooled air is passed over them. Prior to the war the bread was in some cases wrapped in waxed paper. Bread baked in Northern Ireland by the methods outlined is of excellent quality and keeps fresh for several days. It has long been the practice for bakers to deliver bread to their customers on alternate days. It should be noted that, generally speaking, bread made in Ireland, and for that matter in Great Britain, does not contain the high proportions of enriching ingredients that are popular in North America.

BREAD AERATED BY CHEMICAL MEANS

Although a considerable amount of bread is aerated by yeast, for a large proportion baking soda is used. Soda bread, as it is called, is made by professional bakers, but it is also made to a very large extent by housewives, particularly in outlying country districts where the baker cannot call regularly. The process depends upon the principle that when an acid is mixed with baking soda, carbon dioxide gas is produced, and this can be used to aerate the bread. Lactic acid, obtained from buttermilk, is generally used.

The baking method used is quite simple. Flour is sieved with the appropriate quantities of salt and baking soda and is made into a very soft dough by the addition of buttermilk instead of water. The carbon dioxide gas produced by the action of the lactic acid on the baking soda expands under the influence of the heat of baking and aerates the soda farl, as it is called. White flour or wholemeal flour may be used, and other ingredients, such as sugar, butter, treacle, etc., may be included if desired. The bread may be baked either in an oven or on a hot-plate. This latter device consists of a thick sheet of iron that is heated from underneath. The soda bread is baked on top of this plate and is turned over when it is half cooked. The farls are sold at 1d. or 1½d. each, larger ones being priced up to 3d. The texture is usually fairly close, and the bread keeps well, but would become stale more quickly than a good batch loaf. A typical formula for baking this type of bread is as follows: soft flour (winter wheat flour is most suitable), 280 pounds; salt, 4 pounds; baking soda, 4½ pounds; buttermilk, 20 gallons.

POTATO BREAD

The Irish have a reputation for being large consumers of potatoes, and it is therefore appropriate that one of their favourite breads should be made from this useful tuber. Potatoes are washed, peeled, boiled and mashed, and mixed with sufficient flour, to which a little salt has been added, to make a soft dough. No water is needed, since potatoes themselves contain a high percentage of moisture. The dough is rolled out very thin and cut into pieces about five inches square. The potato farls are baked on a hot-plate and, as in the case of soda bread, turned over when half done. It is not possible to specify the proportions of potatoes and flour to be used, since these will vary according to the amount of moisture in the potatoes. There is really no recipe in the baking trade; the potatoes are simply mixed with enough flour to make a soft dough.

OTHER TYPES OF BREAD

Baps.—In Northern Ireland some special types of bread not known elsewhere are made. One of these is the bap, which was being made in Belfast over one hundred years ago. It is a round cake of plain bread baked on the bottom of the oven, so that it is covered with a very thin skin. As produced to-day it weighs about five ounces and sells at 1d. Although it is a yeast bread, it is much lighter and more open in texture than ordinary batch bread but will become stale more quickly than a batch loaf. Bakeries in Belfast supply this bread early in the morning to many working-class households.

Pancakes.—Although not coming within the category of bread, pancakes are very popular in Ulster and are sold in large quantities. They are made from a batter containing flour, buttermilk, baking soda, sugar, melted butter, and eggs.

FACTORIES

There are approximately fifty bakeries in Northern Ireland using mechanical equipment, but not all of this is fully automatic. Three in Belfast are outstanding as to size and modern equipment. These have a large trade and sell throughout Northern Ireland. There are also in Ulster a considerable number of small establishments, known as home bakeries, consisting possibly of a man and his wife and one helper, which turn out various lines such as soda bread, potato bread, confectionery, etc. They do not, however, make the batch loaf, which is a factory product.

MACHINERY

While bakery machinery used in Northern Ireland is on the whole very similar to that adopted in Canada, the mixers used here work at a much lower speed. This is because the softer type of flour used locally would not stand the high-speed mixing which is beneficial to flour produced from Manitoba and Minnesota wheats.

SCIENTIFIC AND SOCIAL SERVICES

Some of the larger factories are well equipped with research and social service facilities. The third bakery in size in Belfast is just as far advanced in these departments as any similar factory anywhere in the world. Its laboratory is especially equipped for handling problems arising in connection with the manufacture of bread and confectionery. All the ingredients are tested before use to ensure that they come up to specification. Should any of these be found to have unusual characteristics, the chemist is in a position to advise the works manager, who is then able to make whatever change is necessary to meet the situation. The laboratory is also of service in the technical training of apprentices. All hands in the baking trade in Northern Ireland serve an apprenticeship of five years. Part of this training is carried out in the laboratory, so that apprentices become familiar with the scientific processes that underlie their work.

A modern well-equipped ambulance room is usually attached to the larger bakeries. The entire staff of one factory is medically examined by the works doctor every six months. A record of the health of every worker is on file, and any recommendations for treatment that the doctor may suggest have to be carried out, the cost of treatment being borne by the National Health Insurance Scheme. Included in such treatment is dentistry. A chiropodist also visits the ambulance room once a week to attend to any workers complaining of foot troubles. In a factory where the staff stand all day, a service of this kind is invaluable. A pension scheme has also been established to which each worker contributes 1s. per week and the firm 2s. From this benefit fund the worker receives sick pay in the event of illness, in addition to his National Health Insurance benefit. A pension is also provided for employees who reach the age of 65. A canteen adjoins the main bakery, and meals and refreshments are provided at low prices.

SCOTTISH FARM PRODUCTION

G. B. JOHNSON, CANADIAN TRADE COMMISSIONER

Glasgow, October 27, 1942.—During the last week in July Sir Patrick R. Baird, of the Department of Agriculture for Scotland, stated that, from a preliminary survey of the agricultural returns collected as usual on June 4, it appeared that Scotland this year would have almost a record acreage under cultivation. It was greater than the 1918 figure reached after four years of effort in the last war.

GRAINS AND VEGETABLES

Compared with 1941, which showed a great advance on 1940 and 1939, in the current year there are 14,000 more acres in Scotland under wheat, 35,000 more under barley, 88,000 more under oats, and 27,000 more planted to potatoes. The Department had aimed at having 12,000 acres under sugar beet; the result was 14,200 acres, exceeding by more than 40 per cent the greatest acreage planted before the war. The beet-sugar factory at Cupar would accordingly be able to operate for the first time at something approaching capacity, which is the produce from over 15,000 acres in the season.

The position with regard to beans and flax is not so satisfactory, as the increase in the yield of each is very small. The acreage under carrots is not satisfactory, being only about half that of last year.

LIVE STOCK

There is no noteworthy change in the number of cows in milk, but a significant increase in the number of heifers in calf, indicating that the farmers have been making a real effort to keep up the milk supply, which of course is severely rationed. There is little change in the number of cows. Heifers for breeding purposes showed an increase, the number of calves has apparently been maintained, and there was an improvement in the number of older feeding cattle, due partly to the resumption of imports from Ireland. There was little to report about sheep or poultry.

FARM WORKERS

There has been only a slight change in the number of male workers on the land, but female workers increased by nearly 4,000, which was approximately the strength of the Women's Land Army. Although the number of male workers may be much the same as last year, they are farming a much larger acreage, and the shortage of farm labour remains a problem.

AGRICULTURAL MACHINERY

Scotland's farm tractors now number about 15,000, which is roughly 2½ times what it was before the war. Of these about 13,500 belong to farmers, 1,000 to the Department of Agriculture for Scotland, and 500 to private contractors.

It is not yet possible to give figures for the yields of the various crops, but the grain crops are most satisfactory and above the average.

AUSTRALIAN PRODUCTION OF DEHYDRATED BUTTERFAT

K. F. NOBLE, ASSISTANT TRADE COMMISSIONER

Sydney, October 19, 1942.—The position of Australia as a butter exporter, together with the wartime necessity for the conservation of shipping space, particularly refrigerated space, has led to the development of a practical scheme for the dehydration of butterfat. Based on earlier investigations by the New Zealand Dairy Board and continued by the Dairy Research Division of the Australian Council for Scientific and Industrial Research, there has been developed an economic process whereby butter can be converted to butterfat with a saving of about 20 per cent on weight without sacrifice of food value.

Subsequent investigation and analysis of the dehydrated butterfat has shown that the product is permanently stable, largely immune from bacterial attack, and almost wholly immune from oxidization taint under the conditions of open storage. Interesting features of the research, which have already been put to practical use by the Queensland Butter Board and by certain private interests in New South Wales, include the following:—

1. The food value of the dehydrated butterfat is similar to that of ordinary butter.
2. Refrigeration is unnecessary in connection with the storage and, more particularly, with the transportation of the product through extremes of temperature.
3. The dried butterfat can, if desired, be reconstituted into butter by the addition of emulsificants and water under suitable physical conditions.
4. Second-grade butter will produce a first-grade butterfat that is free from the degrading taint.
5. Butterfat is interchangeable with butter for addition to margarines and for use in ice cream and bakehouse products.

RESULTS ARE FAVOURABLE

Moreover, the dehydrated product represents a profitable salvage when boxed butter is being patted. One company has reported an average return of £125 per week from the residue adhering to butter-box papers.

Although the process is relatively new and has been in operation for only a few months, reports on the out-turn of experimental shipments to the United Kingdom have been favourable, and it is estimated that some 11,000 to 12,000 tons will be shipped during the current calendar year. Production is continuing, and shipments are under way.

The deliveries from open storage have been found in perfect condition, while informal tests conducted in Australia have been even more impressive. One test by a private company consisted of the storage in open-end gasoline drums of the dehydrated product made from second-grade butter. After a period of four months' storage in a lean-to that was exposed to the summer sun, the fat was examined by the Department of Agriculture and graded as first-class.

PROCESS USED

Following is a brief description of the dehydration process:

The plant comprises heating units for the liquefaction of the butter, centrifugal separation of the butterfat, and vacuum evaporation for the removal of water. The procedure varies from the original and somewhat more laborious New Zealand technique in the following ways: (a) additional heating subsequent to the steam melting is not used; (b) the clarifier after the evaporator is eliminated.

Otherwise the plant comprised a butter melter, heating vats, pump, pipe-lines, separators, steam-jacketed evaporator, cooler, insulation on tank and taps.

PRODUCTION COSTS

The Council for Scientific and Industrial Research emphasizes that costs are only approximate and may be subject to variations of as great as 50 per cent in cases of less than full-time operation. Hereafter in the accounting, containers and cases comprise 83·6 per cent of the total processing cost. There is no allowance for the offsetting saving on normal butter-box packing, and the development of a more economic pack will reduce the total cost of operations, estimated at 1·40d. per pound, to a closer approximation of the variable costs of the dehydrating process, which amount to 0·23d. per pound.

Based on the cost of the experimental plant, which has a rated output of 2,000 tons of fat per year and a capital cost of £5,000, allowing interest at 5 per cent, and depreciation at 10 per cent, the equipment cost is £750 (Canadian \$2,700), or 7s. 6d. per ton. Total working cost per ton is £2 2s. (or 0·23d. per pound) made up as follows: labour, £1 9s.; power, 1s.; steam, 2s. 6d.; interest and depreciation, 7s. 6d.; maintenance, 1s.; sundries, 1s.

ADDITIONAL INFORMATION AVAILABLE

Copy of a report on this subject, issued by the Council for Scientific and Industrial Research, is available for inspection by interested Canadian firms on application to the Department of Trade and Commerce (quote file No. 18977B-Pt. 4).

CONTROL OF BLACK MARKETS AND PROFITEERING IN AUSTRALIA

L. M. COSGRAVE, CANADIAN TRADE COMMISSIONER

Sydney, October 1, 1942.—In a report on Australia's 1942-43 war budget, (see page 495 of last week's issue of the *Commercial Intelligence Journal*) there is a reference in the section entitled "Price Control" to the Australian Government's decision to take strong action against "black marketing" and profiteering. In this connection the Government announced a few days ago the penalties applicable to both buyers and sellers.

The penalties imposed appear to be the most drastic yet proposed by any of the United Nations, and the Attorney General's announcement in the House of Representatives includes a severe condemnation of the extremely light sentences imposed by magistrates despite their powers under the National Security (Prices) Regulations, which had provided that in a summary prosecution maximum penalties for an offence were a fine of £100 or six months' imprisonment. He stated that in 308 cases in which penalties had been imposed, fines had been less than £10 in 249 cases and less than £5 in 158 cases, while the penalty of imprisonment had not been imposed in any case.

It is believed that the adoption of the new drastic measures provided under the Bill will be a definite check to all types of black marketing practices. The minimum penalty for an individual convicted by a magistrate is now three months' imprisonment, and for a company a fine of £1,000. If the offence is prosecuted on indictment (that is, before a jury), minimum penalties are one year's imprisonment and a fine of £10,000.

The Bill also provides that, when a company is convicted, a company official may be deemed guilty of the offence unless he proves that it was committed without his knowledge and that he took due care to prevent its commission. Other provisions are:—

1. The goods involved in the offence or their value are forfeited to the Crown.

2. For a period of three months after conviction, details of the offence must be prominently displayed on the premises of the offender.

NATURE OF THE OFFENCE

Black marketing is defined as a major offence under National Security Regulations dealing with prices, liquid fuel, rationing of all goods and services, restriction of stock, control of production, and acquisition of primary products.

The Attorney General, further emphasized the basic difference between wartime profiteering and black marketing in that the latter is usually collusion between the buyer and the seller, and both are equally guilty under the new regulations.

An amendment whereby penalties would be effective as from the date of assent instead of, as in the original bill, retroactive to February 20, has been accepted, while a further provision has been formulated setting up a Departmental Committee to advise the Attorney General before prosecutions are launched. The Committee will consist of representatives of the Attorney General's Department, the Prices Branch and the department affected by the proposed prosecution. This Committee will also advise whether the case is of sufficient gravity to warrant proceedings under the new Bill.

INCREASED RUBBER PRODUCTION IN INDIA

PAUL SYKES, CANADIAN TRADE COMMISSIONER

(One rupee is approximately equal to \$0.335 Canadian)

Bombay, October 24, 1942.—Despite the limited number and size of India's rubber plantations and lack of organization and experience in the industry, wartime demand has already induced a substantial increase in output which, with the increased care which is being given to existing estates and the planting of new ones, will undoubtedly be succeeded by further trends in the same direction. Statistics recently issued by the Government of India for the year 1940-41 show that the area planted to rubber during that year was estimated at 138,200 acres, a slight increase over the figure for the previous year, while the yield of dry rubber was 35,530,400 pounds, a substantial improvement over the previous year's figure of 31,390,700 pounds. Production during 1939-40 and 1940-41 was far in excess of any previous records.

FOREIGN TRADE IN RUBBER

The war has effected considerable changes in India's foreign trade in raw and manufactured rubber. During the three years ending March 31, 1941, the average value of raw rubber exports was over Rs.8,000,000, but the year ended March 31 last showed a considerable decline, despite the marked rise in prices. No statistics of imports of raw rubber have been available since the fiscal year 1939-40, when the business was valued at Rs.1,945,950, a much higher figure than for any previous year. It may be assumed, however, that this total was exceeded in 1940-41 and 1941-42, and also that, on account of most of India's raw rubber imports having originated in Burma, the trade has fallen off considerably during the current year.

India's rubber manufacturing industries are of such limited capacity that there has never been any large or regular export of such goods. However, it may be assumed that the imports of rubber manufactures, in the form of motor-vehicle tires, hose, belting, and medical and surgical supplies, have recently reached considerably higher levels than usual.

DOMESTIC CONSUMPTION OF RAW RUBBER

A large part of India's increasing output of raw rubber will be required by various local industries engaged in the manufacture of tires and tubes, industrial

appliances, a variety of naval, military, and air force stores, as well as certain laboratory and surgical equipment. The Indian Government has issued regulations designed to ensure that adequate stocks of raw material will be available for such manufactures and that no supplies will be diverted to unessential use. Exports are permissible only under licence.

OUTLOOK FOR THE RUBBER INDUSTRY

While it cannot be expected that the steps taken to increase India's raw rubber output will show immediate and extensive results, it still appears highly probable that the industry will show some permanent benefit from improved domestic demand and the experience now being gained in production methods. A marked improvement in the value of shares in rubber plantations indicates a general appreciation of this situation.

RECENT FINANCIAL LEGISLATION IN BRAZIL

MAURICE BELANGER, ASSISTANT COMMERCIAL ATTACHÉ

Rio de Janeiro, October 20, 1942.—On September 29 the President of Brazil signed a decree-law declaring a bank holiday and general moratorium throughout Brazil for a period of eight days beginning September 30.

The purpose of this measure, as explained by the Minister of Finance, was primarily to allow the Treasury to call in all currency in circulation and replace it with new currency as a means of defeating a growing tendency to hoard bank notes. This tendency is evidenced by an increase in note circulation of approximately 3 million contos (U.S.\$150,000,000) during the past year, which was not accompanied by a corresponding increase in bank deposits.

The moratorium was also intended to afford the Government an opportunity of enacting certain measures in the interest of national economy.

Before the expiration of the bank holiday five important decree-laws were signed, as summarized below:—

ISSUE OF WAR BONDS

By Decree-law No. 4789 of October 5, 1942, the Minister of Finance is authorized to issue government bonds to the value of 3 million contos (U.S.\$150,000,000) to be known as war bonds and bear interest at 6 per cent per annum, payable half-yearly. Denominations are from 100 milreis (U.S.\$5) to 5 contos (U.S.\$250). These bonds will be offered to the public for voluntary subscription, but the law also provides for compulsory subscriptions from all individuals or firms who are subject to payment of income tax in Brazil, and from all individuals who subscribe to any pension or retirement fund. In the case of the former, compulsory subscriptions will be equivalent to the amount paid in income tax during the last fiscal year; for the latter a deduction of 3 per cent from their total remuneration will be made at the source by their employers, to be applied to the purchase of bonds. Payments in both cases will begin in January, 1943, and will be made on a monthly basis, the bonds being delivered to the purchasers after payment of the full amount of each bond. No maturity date is mentioned, but the decree provides that the bonds will be redeemed after the war.

ISSUE OF TREASURY BILLS

By Decree-law No. 4790 of October 5, 1942, the Minister of Finance is authorized to issue Treasury Bills, maturing in 180 days, to a total amount of 1,000,000 contos (U.S.\$50,000,000). The decree provides that the Treasury

Bills will be issued in denominations of 1, 5, 10 and 50 contos (from U.S.\$50 to U.S.\$2,500) and will bear interest at a rate of 3 per cent per annum.

MEASURES AFFECTING THE TREASURY AND BANK OF BRAZIL

Decree-law No. 4792 of October 5, 1942, stipulates that henceforth all currency issued by the Treasury must be guaranteed in the proportion of 25 per cent by holdings of the Government in gold or foreign exchange. This applies to normal currency issues as well as to currency issued to cover rediscount requirements of the Bank of Brazil. This same decree also provides that the Rediscount Section of the Bank of Brazil will be authorized to make loans to other banks against Treasury Bills deposited by the borrowing banks.

This measure is obviously calculated to facilitate the sale to the banks of the Treasury Bills authorized in the preceding decree. The Minister of Finance, commenting on this decree, explained that, with the assistance of agreements signed with the United States for the disposal of Brazil's surplus production, exports have been maintained at a much higher level than imports, the latter being adversely influenced by the lack of shipping facilities and also by the heavy requirements of war industries in the United States. As a consequence of this condition, heavy favourable balances in foreign exchange have accumulated. By virtue of an agreement with the United States Government, these holdings of foreign exchange may be converted into gold at the discretion of the Brazilian Government. The amount of gold held in the United States at present, according to the Finance Minister, is between 90 and 100 metric tons.

CHANGE IN UNIT OF CURRENCY

Decree-law No. 4791 of October 5, 1942, creates a new unit of currency to replace the milreis and to be called the "cruzeiro". The new unit will have the same value as the milreis, but will be divided into 100 parts called centavos. The new unit will be expressed by the symbol Cr\$. There will be metal coins of 1, 2 and 5 cruzeiros and of 10, 20 and 50 centavos. The cruzeiro coins will be of aluminium bronze, comprising 90 per cent copper, 8 per cent aluminium and 2 per cent zinc. The centavo coins will be of copper-nickel alloy, made up of 88 per cent copper and 12 per cent nickel.

Notes will be issued in the following denominations: 10, 20, 50, 100, 200, 500 and 1,000 cruzeiros. The notes will be all of the same size (70 mm. by 140 mm.). All notes, of whatever denomination, will be blue on one face, but the designs and colours on the reverse side will be different for each denomination.

The Minister of Finance explained that, as a measure against hoarding, the Government had already decided to recall all currency in circulation. It has been thought advisable, therefore, to take advantage of this conversion to change the unit of currency. "The idea of adopting the cruzeiro as a unit had been", he said, "under consideration for a long time but, in view of present conditions, it had not so far been put into effect. As all currency is now to be recalled and exchanged, there would be no excuse for not adopting the cruzeiro at present".

Beginning November 1 all references to Brazilian currency will have to be in terms of the cruzeiro.

The Minister also stated that for reasons of economy the present notes may not be replaced entirely. If milreis notes remain in circulation, they will bear an overprint showing their values in cruzeiros.

COMMISSION OF ECONOMIC DEFENCE

Decree-law No. 4807 of October 7, 1942, provides for the establishment of a Commission of Economic Defence. This Commission is directly responsible

to the President of the Republic and is composed of five members, one from each of the following Ministries: Foreign Office; Justice and Interior Affairs; Finance; War; Labour and Industry. The members are to be appointed by the President and not by their respective departments. The duties and powers of the Commission are roughly those of a custodian of enemy property, and include the power to control, administer, liquidate or appropriate the resources and rights of any enemy individual or firm.

In addition to the decree-laws summarized above, which constitute a related series, the President also signed, on October 5, 1942, Decree-law No. 4784, authorizing the Minister of Finance to issue new currency to the value of 600,000 contos (U.S.\$30,000,000).

At the expiration of the bank holiday, business was resumed on October 9 under completely favourable conditions, and it is reported that the banks have since received an increased volume of deposits.

The foregoing measures do not in any way affect the exchange position of Brazilian currency, and there has been no change in the present policy of the Brazilian Government to make exchange available without delay or difficulties for the payment of all commercial obligations.

MEXICO-GUATEMALA RAILWAY BRIDGE OPENED

C. S. BISSETT, CANADIAN TRADE COMMISSIONER

Mexico City, November 14, 1942.—A railway bridge over the Suchiate River, connecting the towns of Suchiate, Mexico, and Ayutla, Guatemala, was officially opened for traffic on November 10. This bridge, built by the government-owned National Railways of Mexico, connects the latter with the International Railways of Central America, which operate in Guatemala, El Salvador, and Honduras.

Previously all railway cargo destined for these Central American countries had to be unloaded at the Suchiate terminus, transported to the river in trucks and ox-carts and ferried across in barges, with the same reloading procedure on the Guatemalan side. Not much more than 50 tons of freight could be handled daily by this method. Even with the new bridge in operation, delays will be encountered, since the Mexican system is standard gauge whereas the International Railways system is narrow gauge. The new international bridge will, however, carry both standard and narrow gauge trains. Nevertheless, all cargo will still have to be transferred from one system to the other, although the provision for running one train alongside the other and transferring cargo direct from car to car is expected to increase the daily minimum handling capacity to some 500 tons.

EFFECT OF INCREASED FACILITIES

The full effect of this increased capacity, in so far as Canadian import and export trade with these countries is concerned, is not likely to be felt for some time because of the extreme congestion now prevailing on Mexican railways. This is due to the fact that the practical cessation of all steamship services has thrown the entire freight load on that part of the Mexican railway system that connects with the United States and with Guatemala. The present supply of and the condition of the locomotives and rolling stock now operating in Mexico is insufficient to carry effectively the import and export cargo of Mexico itself, even without considering the added strain on the system involved in the transportation of cargo from and to those Central American republics connected by rail with this country. It has been stated recently that arrangements have already been concluded to obtain additional locomotives and rolling stock in the United States. When these have been delivered, the present congestion is likely to be relieved proportionately.

CHILEAN FISCAL AND SEMI-FISCAL ORGANIZATIONS

M. J. VECHSLER, CANADIAN TRADE COMMISSIONER

(One Chilean peso equals \$0.037 Canadian)

Santiago, November 2, 1942.—During recent years the Chilean Government, through its fiscal and semi-fiscal institutions, has taken an increasing interest in Chilean economy and business. Under the aegis of the Corporacion de Fomento de la Produccion, generally referred to as the Development Corporation, government funds have been invested in a great variety of enterprises, so that the sum total involved reaches a large figure.

The balance sheet of the Corporacion de Fomento de la Produccion, as of December 31, 1941, and that of the Caja de Seguro Obligatorio (Obligatory Insurance Bank), as of June 30, 1942, indicates the extent to which fiscal and semi-fiscal funds have gone towards assisting not only several industries but various individual concerns engaged in business.

LOANS BY THE DEVELOPMENT CORPORATION

The Mining Credit Bank has been granted a loan of 1,190,000 pesos. To the Agricultural Credit Bank was granted a total of 52,418,492.43 pesos. This latter sum was made up of a direct loan totalling 21,830,915.03 pesos as follows: for cattle, 14,936,778.30 pesos; for timber, 3,250,307.55; for irrigation, 1,187,407.50; for aviculture, 884,158.30; for oil seeds, 1,072,263.38; and for co-operative societies, 500,000 pesos; and of loans to third parties through the Agricultural Credit Bank of 26,853,563.50 pesos, to purchase agricultural machinery, and 3,734,013.90 pesos to encourage agriculture.

A loan was made to the Industrial Credit Institute of 4,000,000 pesos for the purchase of warrants warehouses and 1,196,732.93 pesos was granted to fishing concerns, making a total of 5,196,732.93 pesos. In addition, loans were made to third parties through the Industrial Credit Institute to the amount of 5,350,760.82 pesos.

The Mining and Industrial Institute of Tarapaca received 1,300,000 pesos in order to install a refrigerating plant at Iquique to develop mines and to build roads to the mines.

The Mining Development and Industrial Institute of Antofagasta was granted 527,400 pesos for the purchase of fishing boats and 3,012,500 pesos to finance industrial and mining enterprises, a total of 3,539,900 pesos.

The Agricultural Colonization Bank was given 1,305,368 pesos.

DIRECT LOANS TO ENCOURAGE PRODUCTION

Loans to the amount of 4,896,822 pesos were made to develop mining.

Those for the encouragement of agricultural production totalled 24,576,987 pesos. Of this amount, 20,863,325 pesos were for the encouragement of agriculture in general; 2,363,661 pesos to finance the purchase of manures, etc., and 1,350,000 pesos to the Agricultural Export Board.

Direct loans for the encouragement of industrial production amounted to 7,172,833 pesos. Those for commerce and transport were 13,449,000 pesos; of which the timber industry received 9,982,000 pesos; the tourist industry, 210,000 pesos; shipping activities, 2,562,000 pesos; and commerce in general, 695,000 pesos. Loans involved in the encouragement of the production of power and fuel totalled 27,034,429 pesos.

INVESTMENTS

Share investments in eighteen individual businesses totalled 43,735,917 pesos. The various industries in which the Development Corporation (a semi-fiscal organization) holds shares, include those engaged in the production of

linen, paint, winery by-products, fish products, iodides, cobalt, potash, biochemical products, lumber, pneumatic tires, drugs and chemicals, manganese, and metal products.

Debenture holdings of the Development Corporation amount to 20,225,000 pesos and are distributed among concerns producing the following: steel, crockery, ceramics, linens, paints, fish (packed), and potash.

The Corporation subscribed 15,275,148 pesos to industries producing the following products: fish, wine for export, lumber for domestic use and for export, industrial chemicals, electric power, coal, and bacteriological products.

Investments in electric systems and post factories belonging to the Corporation amount to 30,933,871 pesos and include three central hydro electric plants, the plant at Ovalle, and three post factories.

Other investments of the Corporation, amounting to 2,649,566 pesos, are principally in the National Copper Works at Atacama, in which the investment totals 2,215,258 pesos.

The Corporation holds merchandise in stock to the value of 47,872,112 pesos, comprising: timber, iron, raw materials, general merchandise, agricultural machinery, sheep, Dutch Argentine cattle, and industrial and mining machinery.

The summation of the foregoing totals amounts to 308,122,941 pesos. In addition the Corporation holds further investments, amounting to 172,729,560 pesos, made up of properties, warehouses, shops, etc.; loans to the Caja de la Habitación Popular (Housing Scheme) and others to finance buildings, dwelling houses, etc.; National bonds (internal debt); payments to the National Treasury to finance the construction of houses for non-commissioned officers of the army, etc.

OBLIGATORY INSURANCE BANK

The investments of this fiscal entity in the industry of Chile is indicated by its holdings of 2,877,800 pesos of preference shares and 43,584,808 pesos of ordinary shares in various enterprises.

In addition the bank has, among other assets, real estate, farms, houses for rent, etc., valued at 310,039,061 pesos, and national bonds valued at 121,720,711 pesos.

TARIFF CHANGES AND TRADE REGULATIONS

Australia

TARIFF BOARD TO REPORT ON POST-WAR RECONSTRUCTION

The annual report of the Tariff Board of Australia for the year ended June 30, 1942, stated that during the period under review, on account of war-time conditions, the cost and difficulties of obtaining imports and the government control of importations had, except in unusual cases, rendered Australian manufacturers independent of the customs tariff. These circumstances almost entirely obviated the necessity of inquiries into applications for protective duties. None of the inquiries under the Tariff Board Act, therefore, dealt with any new classes of goods manufactured in Australia.

In its two previous annual reports the Tariff Board drew attention to the necessity for closer regulation of wartime industrial expansion into avenues not directly leading to enhanced war effort. The 1942 report states that since the entry of Japan into the war this necessity greatly decreased, as neither labour nor materials could be obtained in quantities sufficient to commence new industrial activities of significance other than those connected with the war effort.

In March, 1942, at the request of the Minister for Trade and Customs, the Board undertook preliminary work in connection with the Government's scheme for consumer rationing and, after the appointment of the Rationing Commission, the Government decided that the Tariff Board should investigate and report on questions concerning post-war reconstruction in relation to secondary industries. On May 19, 1942, the Minister for Trade and Customs requested the Tariff Board to investigate and report on "all aspects of the general problem of the re-establishment of secondary industries as part of the Commonwealth post-war reconstruction plan, in particular:—

1. The extent to which it will be technically possible to adapt for civilian industry, plant, equipment, materials and man-power (male and female employees) employed in defence production, and to what extent (so far as can be foreseen) such adaptation is likely to be economically desirable.

2. The disposition of surplus plant, equipment and stores of materials from the defence and other industries after the war.

3. Any measures which may be required to facilitate the re-establishment after the war of industries or concerns contracted or closed down during the war.

4. To what degree will any proposals made solve the problem of the absorption into civil avocations of members of the Forces.

5. Changes in the organization and structure of Australian secondary industries since 1939 tending to increase industrial concentration, and any action arising therefrom that may be desirable in the interests of consumers.

6. The possible effects of developments in Australia and oversea on the Australian system of encouragement and protection to industry by Tariff and Bounty.

7. Other matters relating to the establishment, diversification, development and location of Australian secondary industries after the war."

The work of the Board in the immediate future, it was therefore anticipated, would relate mostly to post-war reconstruction while dealing also with miscellaneous matters referred to the Board under the Act and the National Security (Inquiries) Regulations.

New Zealand

CHILDREN'S FOOTWEAR IMPORT QUOTA FOR 1943 ENLARGED

A memorandum issued by the New Zealand Department of Customs on October 7, 1942, increased the 1943 quota of "boots, shoes, shoettes, sandals, clogs, pattens, slippers and goloshes—namely, children's 0 to 9 inclusive", for admission from all British countries, under the import licensing system, from 200 to 300 per cent of the amounts of licences granted for imports of similar goods from the same sources in 1940. According to a previous announcement, the 1943 quota was the same as the 1942 quota, i.e., 200 per cent of that for 1940.

The granting of licences in 1940 was limited to the value of actual importations in 1938. In that year New Zealand imported from Canada 869 dozen pairs of children's footwear valued for duty purposes at £1,512 New Zealand currency.

Trinidad

PERMITS FOR IMPORTATION OF PROPRIETARY MEDICINES

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, reports that the Secretary of the Trinidad Control Board on November 16 issued a notice that licences will be granted for the importation of all proprietary medicines and preparations on the basis of the average c.i.f. value of imports during the years 1938 and 1939.

United States

CONTINGENT DUTY AND COUNTERVAILING DUTY DISTINGUISHED

The United States Customs Court, in a decision (C. D. 703), published on November 19, 1942, held that the assessment of 3d. per imperial proof gallon on importations of whisky from Scotland, levied in 1939 and 1940 as countervailing duty under Section 303 of the Tariff Act, was not in contravention of the most-favoured-nation clause of the trade agreement between the United States and the United Kingdom. Reference was made to the fact that the Reciprocal Trade Agreement Act repealed contingent duty provisos in Paragraphs 371, 401, 1650, 1687, and 1803, apparently because such contingent duties were in violation of most-favoured-nation clauses and treaties. These contingent duties were for the purpose of levying duty equal to that of the exporting country. It was pointed out, however, that Section 303 of the Tariff Act, called the true countervailing duty provision, was not repealed.

Portuguese East Africa

IMPORT CONTROL REGULATIONS

Mr. H. L. Brown, Acting Trade Commissioner at Johannesburg, writes under date September 18, 1942, that import control in Mozambique (Portuguese East Africa) is a development from the exchange control which has been in effect for the past ten years. Import control has naturally been tightened as a result of prevailing shipping conditions and the shortage of certain goods for export in those supplying countries not cut off by hostilities. Import control is regulated by the Comissão Reguladora da Importação da Colonia de Mocambique but is also implicitly a part of normal customs regulations.

TARIFF PREFERENCE

The Customs Tariff of Mozambique provides that goods imported from Portugal are subject to only half the import duty effective against goods from all other sources, except those which have preferences specifically provided for and which usually render the preference in favour of Portuguese goods even heavier. Goods of foreign manufacture can be "nationalized" by being transhipped through a port in Portugal, but transshipment costs may make this unprofitable.

IMPORT CONTROL POLICY

It is the general policy of the import control authorities to regulate purchases abroad so that about half of all importations are from Portugal. It is also the policy at present to discourage the importation of luxuries. Certificates of essentiality are issued for necessities when such documents are required by the exporting country.

GOODS SPECIFICALLY SUBJECT TO IMPORT CONTROL

The importation of the following articles has been placed under the control of the Import Control Commission: Firearms, ammunition and fireworks; photographic articles; platinum, gold and silver articles; automobiles up to seven passengers capacity, automotive accessories, and spares; children's toys and confetti; playing cards and dice; tea, coffee and chocolate; canned fish and fruits; beads; sweets and confectionery; artificial flowers; musical instruments, gramophones and records, radio sets and accessories, pianos, pianolas and rolls for pianolas; furniture, mirrors, sculpture and other objects of art; perfumery; tobacco; carpets, rugs and other floor coverings; silks, velvets, embroidery, lace, insignia, and cloths with embroidery in cotton, wool or linen; wines, brandies, vermouths, whiskies, and other liquors of foreign origin.

The foregoing articles can only be imported into the Colony if permission from the Import Commission is obtained but if the articles are not to be used in trade, such as small samples, small quantities of the articles in passengers' luggage, and small quantities of the above articles received through the post, then no import permit is required. In practice import permits are not being granted for canned fish or coffee.

IMPORTATION OF WHEAT FLOUR

Special regulations are in effect with regard to wheat flour, all importations of which are taken over by the Control Commission at cost plus 10 per cent and are then sold to bakers on a quota basis at prices established according to grade. Canadian flour is rated as first grade, and Australian and Argentine as second grade. This arrangement has made it possible for supplies of flour to be procured in at least one instance as a full cargo, because the Import Control Commission, as a guaranteed buyer, can effect arrangements for such bulk importations which would not be practicable for individual private importers.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING NOV. 30, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, November 30, 1942, and for the week ending Monday, November 23, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Nov. 23	Nominal Quotations in Montreal Week ending Nov. 30	Official Bank Rate
Great Britain.	Pound	4.8666			
		Buying	\$4.4300	\$4.4300	2
		Selling	4.4700	4.4700	—
United States.	Dollar	1.0000			
		Buying	1.1000	1.1000	1
		Selling	1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
		Bid	4.4200	4.4200	—
		Offer	4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
		Official	.3304	.3304	3½
		Free	.2622	.2618	—
Brazil	Cruzeiro (Paper)	.1196			
		Official	.0673	.0673	—
		Free	.0572	.0572	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
		Official	.0574	.0574	3-4½
		Export	.0444	.0444	—
Colombia.	Peso	.9733	.6328	.6343	4
Venezuela	Bolivar	.1930			
		Official	.3313	.3313	—
		Free	.3330	.3330	—
Uruguay.	Peso	1.0342			
		Controlled	.7307	.7307	—
		Uncontrolled	.5853	.5853	—
South Africa.	Pound	4.8666			
		Bid	4.3862	4.3862	3
		Offer	4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
		Bid	4.5380	4.5380	—
		Offer	4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
		Bid	3.5300	3.5300	3
		Offer	3.5760	3.5760	—
New Zealand.	Pound	4.8666			
		Bid	3.5440	3.5440	1½
		Offer	3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

C. H. PAYNE, Director

Argentina

J. A. STRONG, Commercial Attaché, Bartolomé Mitre 478, Buenos Aires (1). (Territory includes Uruguay.) *Cable address, Canadian.*

Australia

Sydney: L. M. COSGRAVE. Address for letters—P.O. Box No. 3952V. Office—City Mutual Life Building, Hunter and Bligh Streets. (Territory includes the Australian Capital Territory, New South Wales, Queensland, Northern Territory and Dependencies.) *Cable address, Canadian.*

Melbourne: FREDERICK PALMER, 44 Queen Street, Melbourne, C.I. (Territory includes States of Victoria, South Australia, Western Australia, and Tasmania.) *Cable address, Canadian.*

Brazil

L. S. GLASS, Commercial Attaché. Address for letters—Caixa Postal 2164, Rio de Janeiro. Office—Ed. Metr pole, 7th Floor, Av. Presidente Wilson 165. *Cable address, Canadian.*

British India

PAUL SYKES. Address for letters—P.O. Box 886, Bombay. Office—Gresham Assurance House, Mint Road, Bombay. (Territory includes Burma and Ceylon.) *Cable address, Canadian.*

British West Indies

Trinidad: G. A. NEWMAN. Address for letters—P.O. Box 125, Port of Spain. Office—Colonial Life Insurance Building. (Territory includes Barbados, Windward and Leeward Islands, and British Guiana.) *Cable address, Canadian.*

Jamaica: F. W. FRASER, P.O. Box 225, Kingston. Office—Canadian Bank of Commerce Chambers. (Territory includes the Bahamas and British Honduras.) *Cable address, Canadian.*

Chile

M. J. VECHSLER. Address for letters—Casilla 771, Santiago. (Territory includes Bolivia.) *Cable address, Canadian.*

Cuba

J. L. MUTTER. Address for letters—Apartado 1945, Havana. Office—Royal Bank of Canada Building, Calle Aguiar 367, Havana. (Territory includes Haiti, the Dominican Republic, and Puerto Rico.) *Cable address, Canadian.*

Egypt

RICHARD GREW. Address for letters—P.O. Box 1770, Cairo. Office—22 Shari Kasr el Nil, Cairo. (Territory includes the Sudan, Palestine, Cyprus, Iraq, Syria, Iran and Turkey.) *Cable address, Canadian.*

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CANADIAN GOVERNMENT TRADE COMMISSIONERS—*Con.*

Newfoundland

R. P. BOWER, Acting Trade Commissioner, Circular Road, St. John's. *Cable address, Canadian.*

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C. B. BIRKETT, Acting Trade Commissioner. Address for letters—P.O. Box 33, Auckland Office—Yorkshire House, Shortland Street, Auckland. (Territory includes Fiji and Western Samoa.) *Cable address, Canadian.*

Panama

H. W. BRIGHTON. Address for letters—P.O. Box 222, Panama City. Office—98 Central Avenue, Panama City. (Territory includes the Canal Zone, Venezuela, Colombia, Nicaragua, Costa Rica, and the Netherlands West Indies). *Cable address, Canadian.*

Peru

W. G. STARK, Acting Trade Commissioner. Address for letters—Casilla 1212, Lima. Office—Edificio Boza, Carabaya 831, Plaza San Martin, Lima. (Territory includes Ecuador.) *Cable address, Canadian.*

South Africa

Cape Town: J. C. MACGILLIVRAY. Address for letters—P.O. Box 683. Office—New South African Mutual Buildings, 21 Parliament Street. (Territory includes Cape Province and Southwest Africa, Natal, Tanganyika, Kenya, Uganda, Mauritius, Madagascar and Angola.) *Cable address, Cantracom.*

Johannesburg: H. L. BROWN, Acting Trade Commissioner. Address for letters—P.O. Box 715. Mutual Buildings, Harrison Street. (Territory includes Transvaal, Orange Free State, the Rhodesias, Mozambique or Portuguese East Africa, Nyasaland and the Belgian Congo.) *Cable address, Cantracom.*

United Kingdom

London: FREDERIC HUDD, Chief Trade Commissioner in the United Kingdom, Canada House, Trafalgar Square, S.W.1. *Cable address, Sleighing, London.*

London: J. A. LANGLEY, Trade Commissioner, Canada House, Trafalgar Square, S.W.1. (Territory includes Home Counties, Southeastern Counties, and East Anglia; also British West Africa.) *Cable address, Sleighing, London.*

London: W. B. GORNALL, Fruit Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Canfrucum.*

London: G. R. PATERSON, Animal Products Trade Commissioner, Canada House, Trafalgar Square, S.W.1. *Cable address, Agrilson.*

Liverpool: A. E. BRYAN, Martins Bank Building, Water Street. (Territory includes North of England, Lincolnshire, North Midlands, and North Wales.) *Cable address, Canadian.*

Bristol: JAMES CORMACK, Northcliffe House, Colston Avenue. (Territory includes West of England, South Wales, and South Midlands). *Cable address, Canadian.*

Glasgow: G. B. JOHNSON, 200 St. Vincent Street. (Territory covers Scotland.) *Cable address, Cantracom.*

United States

Washington: H. A. SCOTT, Commercial Attaché. Office—Canadian Legation.

New York City: D. S. COLE, British Empire Building, Rockefeller Center. (Territory includes Bermuda.) *Cable address, Cantracom.*

Chicago: M. B. PALMER, Tribune Tower, 435 North Michigan Avenue. *Cable address, Canadian.*

Los Angeles: T. J. MONTY, Acting Trade Commissioner, Associated Realty Building, 510 West Sixth Street. *Cable address, Canadian.*

Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

Commercial Intelligence Journal

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AUSTRALIAN SUBSIDY TO DAIRYING INDUSTRY

L. M. COSGRAVE, CANADIAN TRADE COMMISSIONER

Sydney, October 22, 1942.—The Australian Government recently completed an exhaustive investigation into the effect of wartime restrictions and manpower problems on the dairying industry of Australia, particularly in respect of butter production.

As the result of various recommendations submitted to the Australian Cabinet, the Prime Minister has announced that an annual subsidy up to £2,000,000 (approximately \$7,500,000) will be made available to the dairying industry as a primary measure to place it on a wartime basis.

The subsidy is considered necessary to ensure adequate supplies and maintain producers and workers in the industry under reasonable living conditions. The Prime Minister has stated that the Australian Cabinet, in arriving at this decision, had considered the reports of a special committee appointed to investigate manpower problems, dairy herds, the level of remuneration to producers and related matters.

It has been realized that rationalization of this important industry was essential to maintain the supply of dairy products with the constantly increasing demand for personnel in the armed services and to meet urgent United Kingdom needs in addition to civilian consumption.

The Prime Minister further announced that payment of the subsidy would begin October 1, 1942, and that the Australian Arbitration Court will be authorized by regulation to make, in an interim award, any adjustment of wages considered to be equitable and necessary. In this connection the Arbitration Court will take into consideration the present level of wages and living conditions as compared with those in other primary and secondary industries. Any wage

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increase decided upon will apply retrospectively to October 1, and in addition the Commonwealth Tariff Board will submit a report as soon as possible in respect of the allocation of this subsidy, particularly in regard to drought conditions and other wartime disabilities, including wage variations.

METHOD OF PAYMENT

The Prime Minister further made it clear that an essential condition of the subsidy was that it be payable in full to producers and that payments would be on a differential scale according to the relative disabilities to producers in different areas of the Commonwealth. The Commonwealth Prices Commissioner, however, will continue to control prices and distributing margins in the industry. It was further decided that, in allotting this subsidy to producers and workers in the industry, a tribunal would be established to which share farmers and other workers and producers operating under special conditions may apply for a determination as to the distribution of the improved remuneration between them and the owners of farms. These tribunals will also be empowered to review the existing regulations, land values and rents.

In the continued investigations by the Commonwealth Tariff Board, consideration would be given to the scale of consumption in Australia as compared with other countries and particularly to the manpower needs of the industry.

Official circles have emphasized that the new subsidy plan is largely designed to prevent an increase in the price of butter to consumers, as in accordance with previous recommendations an increase of 2d. per pound was considered necessary. Government spokesmen also stated that it is hoped that the new arrangement will prevent cost inflation, which, in addition to other results, would bring about a substantial increase in the cost of living generally.

SCHEME WELL RECEIVED

As a result of the Government's decision to utilize the subsidy plan rather than directly increase prices paid to producers, a number of important meetings were held by various primary producing associations and, although considerable opposition was expressed by leading dairying authorities, it is felt that the subsidy scheme will be given a fair trial. In this connection it may be of interest to quote the resolution of the Primary Producers' Union of New South Wales for transmission to the Australian Dairy Farmers' Federation:—

Having noted that government policy, as defined in the Dairy Industry Assistance Act, 1942, contemplates meeting the needs of the dairy farmers by measures differing in principle from recommendations made by dairy industry organizations, this meeting requests the Australian Dairy Farmers' Federation, in association with other appropriate dairy industry organizations, to take steps to ensure that the producers of butter and cheese are afforded a price for their products commensurate with production costs.

Pending the operation of the machinery provided for in the Dairy Industry Assistance Act, the appropriate government authority be asked to grant an immediate increase in the price of dairy produce, to the extent of 3d. a pound for butter and 2d. a pound for cheese, such allocation to be made from the announced subsidy.

In the light of explanations given up to date, the dairying industry is prepared to say that, as first instalment, it will give the Government's plan a fair trial; and if the national interests are to be best served and it is to be government policy to give the Australian consumer dairy products at less than the ascertained cost of production, plus accepted costs of marketing and distribution, the assistance so given be properly designated by the Government as a subsidy to the consumer.

It is expected that the foregoing suggestions will be placed before the Commonwealth Tariff Board's special inquiry into "the manner in which the dairy industry subsidy will be allocated to producers", which will be opened in Melbourne on November 16. This inquiry will not cover the whole scope of the dairy industry, but will deal specifically with "cows' milk, or any produce derived from cows' milk, which is to be processed into butter or cheese."

AUSTRALIAN WHEAT AND FLOUR IN WAR TIME

FREDERICK PALMER, CANADIAN TRADE COMMISSIONER

Melbourne, October 1, 1942.—Stabilization of the wheat industry in Australia has been a feature of economic and political discussions in Australia for many years past, with particular emphasis on the necessity for action regarding stabilization as world prices for wheat progressively declined in the immediate pre-war period.

Soon after the outbreak of war in September, 1939, announcement was made of the acquisition of all wheat stocks by the Australian Wheat Board. This Board, for the duration of the war and one crop year thereafter, would be the sole authority for disposing of Australian wheat both at home and abroad. Under this acquisition scheme, the Government, through the Wheat Board, guaranteed to growers payment of 3s. per bushel bagged and 2s. 10d. per bushel bulk f.o.b. ports for the 1939-40 crop. (Actually realizations permitted the payment of 3s. 7·9d. per bushel bagged and 3s. 5·9d. per bushel bulk f.o.b. ports). This guarantee by the Government was in contrast to the announcement made a short time previously by the then Prime Minister (Rt. Hon. R. G. Menzies) that the Commonwealth Government was not constitutionally bound to give support to an industry whose production was not under Commonwealth but under state control. However, in the greater national emergency, the necessity for unified control, particularly in the disposal of Australian wheat, overrode technicalities of this nature, and the acquisition plan brought into force in October, 1939, operated with some success during the subsequent period.

The quantity of wheat acquired in October, 1939 (called the No. 1 Pool) was 17,840,000 bushels, and the amount realized by the Australian Wheat Board resulted in a return to the grower of 2s. 3·4d. per bushel bulk at sidings as compared with approximately 1s. 8½d. per bushel prevailing in August, 1939.

The Commonwealth harvest in 1939-40 produced 210,283,000 bushels of wheat. Of this quantity, 195,500,000 bushels were delivered to the Wheat Board for No. 2 Pool*, and payments to growers subsequently reached 3s. 1·4d. per bushel bulk at sidings. Fortunately, so far as it simplified problems of disposal, the 1940-41 harvest, as a result of widespread drought, produced only 82,639,000 bushels, of which 64,000,000 bushels were delivered to the Australian Wheat Board for No. 4 Pool. Growers received approximately 3s. 1d. a bushel in bulk form at sidings.

WARTIME MEASURES

In the meantime events in Europe made it much more difficult to dispose of Australian export surpluses, and accordingly a plan for the stabilization of production and prices in the Australian wheat industry, to operate in respect of the 1941-42 and subsequent crop seasons, was announced by the Commonwealth Government. The authority for this control of the industry was assured under the provisions of the National Security Act, a measure passed to ensure the safety and defence of Australia and her territories during the present state of war. This overcame the constitutional bar which had formerly prevented the Commonwealth Parliament from legislating in respect of the wheat industry. Under this plan there would be no compulsory reduction in acreage, but growers would be licensed to sow not more than the average of the previous three years' sowings. This plan also provided for a compensating fund to be established into which any amount in excess of the guaranteed price of 3s. 10d. would be paid in years of high prices to meet debits resulting from payments to the

* No. 3 Pool was a special one created for the acquisition and sale within Australia of inferior wheat produced in 1939-40, principally in New South Wales, where growing conditions had been most unfavourable. This wheat was paid for at the rate of 3d. a bushel less than for that in the No. 2 Pool.

industry in years of low prices. The first 2d. in excess of the guaranteed price would be paid to the grower, the next 2d. to the fund, and any further excess would be divided equally between grower and the fund.

1941-42 SEASON

Seasonal conditions were favourable in 1941-42 and the harvest yielded 170,000,000 bushels, of which 153,000,000 were delivered to the Wheat Board for disposal as No. 5 Pool. This was 13,000,000 bushels in excess of the quantity for which the price had been guaranteed. In the meantime changes had been wrought in the federal political sphere, and it was announced that a different scheme would be brought into operation for the next crop. The Government, however, having accepted the scheme as handed down by its predecessor, agreed, after conference with wheatgrowers' representatives, that £A26,833,000, the amount necessary to provide 3s. 10d. a bushel f.o.b. for a 140,000,000 bushel crop, should be paid on a proportional basis to growers who had delivered wheat to the pool. This would result in a payment of approximately 3s. 6d. a bushel bagged and 3s. 4d. a bushel bulk f.o.b., which would be increased if the receipts of the pool warranted.

In view of the extent by which the limit of 140,000,000 bushels had been exceeded, the Government decided that under a new plan acreage must be reduced. On account of domestic consumption of wheat in the State of Western Australia being considerably less than that state's productive capacity, coupled with attendant storage problems and isolation from eastern centres of population and consumption, it was decided that acreage in Western Australia should be reduced by one-third. For the 11,000,000 bushels so reduced, wheat-growers in Western Australia would receive compensation at the rate of 1s. per bushel. In the other wheat-producing areas sowings were to be on the same basis as in the previous season, i.e., the average of three seasons' sowings.

1942-43 SEASON

For wheat produced in the current (1942-43) season a grower will receive 4s. net a bushel, bagged basis (3s. 10d. a bushel bulk) at sidings for wheat produced by him up to the first 3,000 bushels. Wheat produced above the 3,000 bushel quota will be placed in a pool, the grower receiving an advance against it at the rate of 2s. a bushel net at sidings. According to a ministerial statement, the new method of payment will ensure a good living to at least 80 per cent of Australia's 68,000 wheat-growers. About £A27,500,000 will be required to finance the crop, and it is expected that approximately £A9,500,000 will be received from local sales, leaving a deficit of about £A18,000,000 until export sales are completed. In view of the unlikelihood of substantial export sales in the near future, the Government may have to face a considerable loss in connection with the scheme.

According to figures released by the Acting Commonwealth Statistician, areas licensed for wheat for grain in Australia decreased by 1,865,844 acres in 1942-43, from 12,817,387 in 1941-42 to 10,951,543. As Australia is a signatory to the international wheat agreement, it is likely that it will be necessary to continue the present limitation of acreage.

PRODUCTION OF POWER ALCOHOL FROM WHEAT

Four distilleries for the production of power alcohol, each with an initial capacity of 3,000,000 gallons per annum, are to be erected in New South Wales, Victoria, South Australia, and Western Australia. In addition to the distilleries, wheat storage facilities will be provided so that deliveries of locally grown wheat can be taken direct from farms during the harvest period. Each distillery

will cost about £A500,000 and will utilize 1,250,000 bushels of wheat per annum. In addition to the production of 3,000,000 gallons of alcohol, by-product stock feed amounting to about 12,000 tons will become available annually. Each distillery, when completed, will provide permanent employment for about 80 persons.

MARGINAL WHEAT LANDS

The Commonwealth Government has approved an advance of £A607,000 during the 1942 season for the elimination of marginal wheat areas. The amounts are allocated as follows: New South Wales, £A205,000; Victoria, £A97,000; South Australia, £A190,000; Western Australia, £A115,000. The plan for the elimination of marginal areas is now in its third year, and it is hoped that by the end of 1943 it will be completed. Funds are mainly derived from the proceeds of the flour tax, but this year the Government decided to make £A107,000 available from general revenue.

FURTHER NEWSPRINT RATIONING IN AUSTRALIA

L. M. COSGRAVE, CANADIAN TRADE COMMISSIONER

Sydney, October 14, 1942.—A further reduction in the use of newsprint throughout the Commonwealth has been found necessary in view of continued shipping difficulties and, as from November 1, a reduction of 15 per cent from the present permitted consumption of newsprint will take effect, applicable to metropolitan and country daily and weekly publications.

Although the new regulation has been issued as a Commonwealth Order, the leading metropolitan newspapers had to a large extent voluntarily introduced a similar restriction recently to conserve newsprint stocks in the main Australian centres.

In a report submitted to the Australian Minister for Trade and Customs, it was indicated that imported newsprint stocks, plus domestic production, amounted to approximately sixteen months' requirements as from October 1, 1942, on the present rationing basis. The report further stated that the majority of the newspaper publishers favoured a 25 per cent reduction in current newsprint consumption, but objections were raised to a maximum paging basis on the ground that it would destroy the equitable relativity between the sizes of newspapers, the maintenance of which has been one of the objects of the rationing system in the past.

Following discussions by the Australian Cabinet, a reduction of 15 per cent was decided upon under the provisions of the National Security (Metal Foil and Paper) Regulations. No newspaper will be reduced below four broad-sheet pages or their equivalent.

The Government further announced that newspaper proprietors would be permitted to form a pool on the understanding that the requirements of all newspapers are met to the extent of their authorized quota of newsprint and that a suitable undertaking to that effect is given by all members of the pool.

The price of newsprint supplied by the pool would be fixed periodically by the Commonwealth Prices Commissioner.

Incidentally the Minister for Trade and Customs is empowered under the new order to re-allocate newsprint supplies if he considers that any newspaper is not receiving equitable treatment.

The newsprint pool will include all imported stocks held at present, any stocks imported in the future, and all Australian domestic newsprint at present in stock, as well as that produced from the operations of the pool.

To assist smaller country newspapers, permission will be granted for the importation of minimum essential requirements of sheet newsprint.

SALE OF WHEAT IN IRELAND

E. L. MCCOLL, CANADIAN TRADE COMMISSIONER

Dublin, November 7, 1942.—On July 31, 1942, the Eire Minister for Agriculture issued an Order entitled the Emergency Powers (Cereals) Order, 1942, the general effect of which was to regulate the purchase and disposal of home-grown wheat. On September 3, 1942, an amendment was published which fixed the price to be paid for wheat for the sales season August 17, 1942, to August 31, 1943. Licence to purchase wheat for the millers this year will be granted to these wheat dealers only whose names are entered on a Wheat Register established by the Minister for Agriculture in 1938. The 1942 Order permitted only three classes of persons to deal in wheat: (a) the millers themselves; (b) holders of a wheat-dealer's licence to purchase, dry, and store wheat at the request of the millers; and (c) holders of an agency (wheat) licence, permitting them to act as agents only for the millers.

MILLING WHEAT

The prices fixed for the 1942-43 season for milling wheat purchased from the grower are as follows: when the bushel weight is not less than 57 pounds, 50s. per barrel; when the bushel weight is less than 57 pounds but not less than 55 pounds, 49s. per barrel; when the bushel weight is less than 55 pounds, 47s. per barrel. The foregoing prices show an average increase of 10s. per barrel over that paid in the 1941-42 cereal year, i.e., September 1, 1941, to August 31, 1942. The barrel contains 20 stones (280 pounds) net of wheat.

SEED WHEAT

Nobody may purchase seed wheat from the grower except those in possession of a seed (wheat) assemblers permit, which is issued free by the Minister for Agriculture. The quantity of seed wheat which any permit-holder may purchase is also determined by the Minister. When wheat is purchased from the grower for seed purposes, an increase of 2s. per barrel over the controlled price of milling wheat may be paid.

The sale price at which wheat of winter varieties may be sold for use as seed during the 1942-43 season shall not exceed: (a) if the wheat has been artificially dried, 70s. per barrel; (b) if the wheat has not been artificially dried, 65s. per barrel. The price of wheat of spring varieties for seed shall not exceed: (a) if artificially dried, 72s. 6d. per barrel; (b) not artificially dried, 67s. 6d. per barrel.

When artificially dried wheat is sold by a licensed wheat dealer during the sale season and the purchaser is satisfied that the moisture content of the wheat does not exceed 15, 15½, or 16½ per cent by more than 0·2 per cent, the price shall be for artificially dried wheat: (a) moisture content of which does not exceed 15 per cent, 56s. 9d. per barrel; (b) moisture content of which exceeds 15 per cent but does not exceed 15½ per cent, 56s. per barrel; (c) moisture content exceeding 15½ per cent but not exceeding 16½ per cent, 54s. per barrel. For artificially dried wheat having a moisture content exceeding 16½ per cent and wheat which has not been artificially dried, the price shall be per barrel: first class, 51s. 8d.; second class, 50s. 8d.; third class, 48s. 8d.

PRODUCTION OF WHEAT

The Government of Eire has endeavoured for a considerable period to encourage farmers to grow more wheat and, with the outbreak of hostilities,

their efforts were redoubled in this direction, since this cereal is all-important in the diet of the people of this country. A study of wheat consumption in most of the important countries of the world shows that Eire occupies second place in the per capita use of this commodity. Until recent years this country depended almost entirely on imported wheat for its requirements, but production throughout the country has made considerable progress, with the result that the annual imported tonnage has been drastically reduced. However, a state of self-sufficiency in regard to this important crop has not yet been fully reached. In 1941, a total of 290,000 tons were produced locally, of which some 220,000 tons reached the flour millers.

The area sown to wheat for 1942 is recorded at 584,600 acres as compared with 463,200 acres in 1941, an increase of 121,400 acres or 26.2 per cent. Following are the areas sown to wheat in Eire for the past five years: 1938, 230,000 acres; 1939, 255,280; 1940, 305,243; 1941, 463,200; 1942, 584,600 acres.

WHEAT IMPORTS

Every encouragement was given by the Irish Government to expansion of the flour-milling industry, with the result that a greater demand was developed for wheat at the expense of flour imports. To this end the Eire Government in 1933, under the Agricultural Produce (Cereals) Act, 1933, prohibited the importation of flour into this country except under licence issued by the Minister for Industry and Commerce. These licences have been granted only to a limited number of biscuit manufacturers who were accustomed to use special flour for their products, with the result that the milling industry enjoyed a virtual monopoly from that year. This Act established the millers on a firm footing and enabled them to provide increased employment.

WHEAT AND FLOUR IMPORTS

The following table shows the imports into Eire of wheat and flour for the years 1930 to 1938; import statistics have not been issued since the outbreak of hostilities, and those for 1938 are, therefore, the latest available:—

Imports of Wheat and Flour into Eire

	Wheat		Flour	
	Cwts.	£	Cwts.	£
1930	5,316,189	2,343,457	3,331,294	2,406,681
1931	5,635,926	1,572,700	3,377,092	1,662,402
1932	5,917,849	1,914,070	2,964,923	1,559,296
1933	8,208,894	2,412,737	1,387,503	684,725
1934	9,437,475	2,699,067	586,040	281,408
1935	7,558,412	2,385,650	227,951	106,940
1936	8,024,622	3,036,110	139,408	74,816
1937	6,487,911	3,499,701	117,345	82,936
1938	7,597,152	3,048,058	101,235	59,439

This table shows the steady decline in flour imports. The figures also show an appreciable increase in wheat imports from 1933 onward, due to the passing of the Agricultural Produce (Cereals) Act, 1933, which, as already, mentioned, affected flour imports.

GOVERNMENT CONTROL

Upon the outbreak of war, the Government of this country established the Department of Supplies, to control imports and exports, to ensure essential supplies of raw materials for factories, and to conserve necessities. Wheat was one of the first commodities to be dealt with. In 1939 this department issued

the Emergency Powers Distribution of Wheat and Maize Order (1939) and cancelled all wheat import licences. To facilitate operation of the department a new company was formed—Grain Importers (Eire) Ltd., Dublin—which was given the sole licence to import wheat into this country but was not permitted to make any profit out of its transactions. This company acts on instructions from the Department of Supplies. Although all wheat is bought by the Company, each grain merchant supplies the funds to pay for his own requirements. On instructions from the Department of Supplies, Grain Importers (Eire) Limited delivers to each miller the quantity allocated to him.

SUBSIDY ON FLOUR AND BREAD

As from the date of the outbreak of war it was decided by the Government to maintain the existing prices of flour and bread by subsidy, and a parliamentary measure was passed to provide the necessary funds. Forward purchases, together with stocks in the hands of Grain Importers (Eire) Ltd. and the millers, as on September 1, 1941, were a sufficient contribution towards the subsidy to keep the prices uniform for the year ended August 31, 1942. The total subsidy payable by the Government includes an agreed sum to be earned as profit by the milling industry, which is restricted to 6 per cent on capital genuinely and necessarily employed. This arrangement is to obtain for the period of the emergency. The Government decided not to make any further grant to meet the additional 10s. per barrel paid to growers of native wheat for the year ending August 31, 1943, and accordingly, as from September 15, 1942, the price of flour to the consumer was correspondingly increased. Bakers are paid a bread subsidy for each batch loaf baked.

TRADE NAMES OF CENTRAL AFRICAN TIMBERS

H. L. BROWN, CANADIAN TRADE COMMISSIONER

Johannesburg, September 28, 1942.—In the report entitled "Timber Resources of Central Africa," published in *Commercial Intelligence Journal* No. 2000 (May 30, 1942), page 576, the main types of timber available in the various central African colonies were described briefly. Some indication was also given of the lack of uniformity in naming these various woods, because in each Colony and even in each district there are different colloquial names for woods that are of similar if not identical species.

This has created a problem on which the South African Government, through the Controller of Timber, has recently taken action by prescribing trade names for each of the Central African timbers imported or made available to this market. While the prescribed names are not of particular interest to Canadian exporters in so far as actual trade is concerned, it will undoubtedly be of interest to the Canadian timber trade to have a record of the names which have been approved for use in South Africa. Of even greater interest perhaps are the names which have been prohibited, as these provide a form of directory of trade names used for the various woods. Copies of schedule showing the names (approved for use in South Africa), with the botanical names in parentheses, the countries of origin and other names the use of which is prohibited in South Africa are on file at the Department of Trade and Commerce, Ottawa, and are available for inspection by interested Canadian firms on application (quote file No. 15681).

FOREIGN TRADE OF ZANZIBAR PROTECTORATE IN 1941

J. C. MACGILLIVRAY, CANADIAN TRADE COMMISSIONER

Cape Town, September 17, 1942.—The annual report on the foreign trade of the Protectorate of Zanzibar for the calendar year 1941 has recently been published by the Senior Customs Officer. The aggregate value of the trade was £2,592,000; the declared value of imports was £1,041,000 and that of exports £1,551,000. The volume of trade over the same period was 92,000 tons, imports accounting for 54,000 tons and exports for 38,000 tons. In comparison with the preceding year, the value of imports increased by 18·7 per cent and that of exports by 33·9 per cent.

IMPORTS

The total value of imports may be subdivided into four groups, as follows: Trade imports, £945,183; goods imported for transshipment, £64,263; goods imported on government account, £28,208; bullion and specie, £3,720.

As regards the commodities which are imported into Zanzibar, on a value basis cotton piece-goods ranked first in 1941, closely followed by rice. Other commodities of importance included ivory, sugar, wheat flour and kerosene oil. The quantities and values of these and other leading imports during the period under review were as follows:—

Principal Imports into Zanzibar

	Cwts.	£
Wheat flour	45,448	37,360
Rice	239,958	149,968
Pulse	40,533	20,463
Fish, dried or salted	16,559	11,733
Sugar	75,361	52,318
Onions	12,636	8,752
Ivory (elephant)	1,897	62,576
Non-ferrous metals and manufactures thereof . .	3,089	7,133
	Lbs.	
Ghee	496,568	20,310
Tea	280,422	16,997
Cigarettes	142,852	22,265
	Yds.	
Cotton piece-goods	7,307,577	159,428
Art silk piece-goods	526,849	24,009
	Doz.	
Bags and sacks	55,755	25,266
Shirts	11,147	7,210
	Gals.	
Motor spirit	298,008	18,875
Kerosene oil	564,874	23,414
	Units	
Straw bags	371,167	8,965
	100 Lin. Ft.	
Films (cinematograph)	28,132	12,822

During the period under review 74·26 per cent of Zanzibar's imports came from British Empire countries. Over 26 per cent was credited to India, 13·39 per cent to Burma, 11·79 per cent to the United Kingdom, and 8·95 per cent to Tanganyika. Canada supplied only 0·01 per cent. As regards foreign countries, which collectively accounted for 23·72 per cent of all imports, Japan supplied 5·75 per cent, mostly cotton piece-goods; for the previous year Japan's share was 12·24 per cent. The other more important foreign countries supplying Zanzibar were the Dutch East Indies, Arabia, the Belgian Congo and Iran. Apart from specified imports by countries of origin, 2·02 per cent entered by parcel post.

India was the source of the bulk of Zanzibar's flour imports, being credited with 33,217 cwts. having a value of £28,540. Australia followed with 10,844

cwts. valued at £7,788. There was also a small importation of wheat, weighing 6,517 cwts., all of which came from India. Burma was the source of most of the rice imported, that country being credited with 225,049 cwts. out of a total of 239,958 cwts.

EXPORTS

Zanzibar's cloves are world famous, and this one commodity, with a value of £1,063,455, accounted for over 60 per cent of the total value of the Island's export trade in 1941. Other leading exports, with the volume and value of each, were as follows: copra, 10,751 tons (£80,301); clove and stem, 378,138 pounds (£90,568); ivory (elephant), 1,559 cwts. (£48,818); and cotton piece-goods, 3,357,486 yards (£55,828).

Other commodities listed as being exported include cinematograph films, cotton piece-goods, and bags and sacks. Since these same articles were imported, the exports are probably re-exports. Total exports of cloves for the calendar year are the highest on record. The Dutch East Indies was the principal market, followed by India and the United States. Canada is shown as having taken 1,616 cwts.

TRADE WITH CANADA

Trade between Canada and Zanzibar is handicapped by lack of transportation facilities, a situation which has become aggravated by the war. In 1939 Zanzibar's imports from Canada had a total value of £1,544. In 1940 this figure fell to £724, while in 1941 it contracted further to only £153. Exports of Zanzibar's products to Canada have, on the other hand, tended to increase. In 1939 their total value was £3,707; in 1940, £8,137; and in 1941, £5,684. In all cases cloves have practically accounted for the total.

ARGENTINE PRODUCTION OF VEGETABLE OILS

W. B. McCULLOUGH, ASSISTANT COMMERCIAL ATTACHÉ

Buenos Aires, November 18, 1942.—There has been a steady increase in the domestic production of vegetable oils in Argentina during the past ten years. Total output in 1941 amounted to 185,947 short tons as compared with 33,521 tons in 1931. During this ten-year period there was a sharp decline in the imports of edible oils, of which Argentina is a large consumer. Being of Latin origin, Argentinians use these oils rather than animal fats in cooking food. Since the outbreak of war Argentina has been exporting large quantities of vegetable oils to the United States.

The following table shows the production of various vegetable oils in Argentina for each year since 1935:—

Argentine Production of Vegetable Oils

	1941	1940	1939	1938	1937	1936	1935
	Figures in Metric Tons						
Linseed	22,762	11,788	7,284	5,916	4,926	5,264	4,740
Rape	15,134	5,641	2,158	8,548	15,074	4,744	10,398
Peanut	17,694	6,854	6,756	5,654	11,053	19,969	16,834
Cotton	10,228	16,512	15,584	12,640	12,279	19,390	15,770
Tártago	1,224	979	582	784	652	493	793
Corn	661	537	383	353	....	....	....
Sunflower	100,992	73,594	58,444	53,277	26,672	16,063	9,936
Olive	192	25	134	69	57	44	44
Grapeseed	87	167	74	171	185	152	71
Tung oil	49	126	99	30	11	8	9
Coco almendra . . . . .	....	17	....	....	....	....	....
Coco pulpa . . . . .	....	8	....	....	....	....	....
Total	169,043	116,248	91,498	87,442	70,909	66,127	58,595

The following table shows the quantities of seed crushed and oil obtained in 1941:—

Argentine Production of Vegetable Oil in 1941

	Seed Crushed	Crude		Net	
	M. Tons	M. Tons	Per Cent	M. Tons	Per Cent
Linseed	70,959	22,891	32.3	22,762	32.1
Rape	48,436	15,653	32.3	15,134	31.2
Peanut	50,450	18,389	36.4	17,694	35.1
Cotton	87,604	11,605	13.2	10,228	11.7
Tartago	3,070	1,270	41.3	1,224	40.5
Sunflower	401,708	106,179	26.4	100,992	25.1
Olive	1,112	197	17.7	192	17.3
Grapeseed	910	91	10.0	87	9.6
Tung	276	58	21.0	49	17.8
Corn	23,142	669	2.9	661	2.9
Total	687,667	177,002		169,043	

There are some 53 plants extracting vegetable oils in Argentina. Thirty-eight of these have equipment for refining the oil and for manufacturing several different oils. There are 10 plants in Buenos Aires specializing in the production of linseed oil. The Anderson Super-Duo expellers are most widely used for expelling the oil. These machines are imported from the United States and since it has been difficult to obtain new equipment lately, several operators have been using the French hydraulic presses. Solvents are not widely used for extracting oil, except out of the crackings, particularly from the hydraulic presses. For the most part it is apparent that the mills have been located with a view to facilitating distribution of the oil rather than to ensure their proximity to raw material. The exceptions to this plan are due to the restrictions on moving cottonseed out of the growing district, which has forced the establishment of cotton-crushing mills in the cotton-growing zones. In addition there are two mills located in the peanut-growing zones of Cordoba and Rio Segundo. In most cases, however, the seed has to be transported some distance by rail or truck to the mills.

The majority of the mills have a yearly capacity ranging from 1,000 to 6,000 tons of oil. A few of the small units have capacities of less than 1,000 tons; on the other hand, there are two large units that have a normal annual capacity of 18,000 and 35,000 tons respectively. During the last three years the increasing demand for these oils for export has resulted in practically all mills tending to reach their maximum capacity on a 24-hour day basis.

EXPORTS

Argentina did not export vegetable oils in quantity until after the outbreak of war in 1939. In 1938 exports of vegetable oils amounted to only 104 short tons, but there was an increase to 52,431 tons in 1941. For the nine months ending September 30 of the current year, exports of seven species of vegetable oils aggregated 104,263 tons valued at 74,632,332 pesos as compared with 23,695 tons valued at 15,242,866 pesos during the corresponding period of 1941.

During the first half of the current year Argentina exported vegetable oils to more than twenty-five different countries. The United States was the chief market, accounting for nearly 50 per cent of the sunflower-seed oil exports and for over 75 per cent of the rape-seed oil output. The next largest buyers were Sweden, Switzerland, and Canada.

The following table shows the exports of the various oils for the years indicated:—

Argentine Exports of Vegetable Oils

	Cotton	Sunflower	Linseed	Corn	Peanut	Rape	Ricino	Total
Figures in Metric Tons								
1938 . . . . .	....	....	92	....	2	....	1	95
1939	2	....	1,472	52	135	....	1	1,662
1940	1,171	....	5,784	4	386	....	..	7,345
1941	7,043	11,909	9,715	494	6,385	12,053	66	47,665
1942*	2,854	48,770	27,777	348	6,319	8,663	54	94,785

* To September 30.

EXPORTS OF OIL-BEARING SEEDS

Argentina exported 36,449 tons of oil-bearing seeds (exclusive of linseed) during the first nine months of 1942 as compared with 29,700 tons in 1941 and 41,384 tons in 1940.

These exports were largely made up of sunflower and rape seed. Chile was the chief buyer, accounting for about 90 per cent of the exports in the 1942 period.

There has been a sharp decline in the exports of flaxseed since 1939. The average yearly shipments from 1933 to 1939 were 1,628,165 short tons, decreasing to 827,410 tons in 1940 and 731,187 tons in 1941. During the first nine months of 1942 exports totalled 299,165 tons as compared with 502,783 tons in the corresponding period of 1941. The United States has been the chief market for flaxseed during the last two years.

BY-PRODUCTS AND RESIDUES

The principal by-products and residues of commercial value produced in 1941 include 166,871 tons of oil cake, 139,967 tons of oil flour, and 200,053 tons of other residues.

Argentina is a large exporter of oil cake. From 1936 to 1939 the yearly shipments averaged 126,243 tons with an average annual value of 8,596,818 pesos (\$2,836,950 Canadian). During the first nine months of 1942 the exports of oil cake were 58,562 tons as compared with 46,208 tons for the corresponding period of 1941 and 79,224 tons in 1940. Prior to the outbreak of war the chief markets for Argentine oil cake were the United Kingdom and the dairy-cattle countries of Europe. Of the 58,562 tons of cotton, sunflower, linseed, and peanut oil cake exported in 1942, about 80 per cent was shipped to Sweden. No rape-seed oil cake has been exported during 1942. Owing to the increased production and demand for vegetable oils and a decrease in the exports of oil cake, there is a surplus of the latter, which is now being used for fuel.

MEXICAN CUSTOMS BROKERS' FEES

C. S. BISSETT, CANADIAN TRADE COMMISSIONER

Mexico City, November 18, 1942.—A number of requests have been received in recent weeks from Canadian importers for clarification of the unusual manner in which Mexican customs brokers' fees are levied on shipments of Mexican products to Canada. Whereas in most countries there is a standard charge for the work performed by the customs broker, the broker's fee in Mexico is either a certain percentage of the value of the shipment or a specific rate is charged in pesos per ton of the merchandise forming the shipment. The fees listed in the following tables were established by a decree of the Mexican Government dated September 18, 1939, and effective September 23, 1939. These fees are not, however, in any sense a Mexican Government export duty, tax, or other impost, since the purpose of the decree is merely to regulate the fees that may be charged by customs brokers.

The currency quoted throughout the following tables is the Mexican peso of a value of 4·30 pesos to the Canadian dollar at the official rate of exchange as of this date, as set by the Mexican Government.

ARTICLE I of the decree covers fees leviable on imports and exports as follows:—

A. FEES LEVIABLE ON IMPORT GOODS

I. Merchandise in General

Invoice Value, Fees, Taxes and Expenses		Fees	Minimum
Pesos		Per Cent	Fees Pesos
Up to	1,000	2.00	10.00
Up to	5,000	1.80	20.00
Up to	10,000	1.60	90.00
Up to	15,000	1.40	160.00
Up to	25,000	1.20	210.00
Up to	50,000	0.90	300.00
Up to	100,000	0.75	450.00
Up to	200,000	0.45	750.00
More than	200,000	0.30	900.00

Customs brokers will charge the following rates, based on the weight of the goods, whenever, by the application of these, their fees shall be less than those they would collect under the foregoing rates:—

Weight in Kilos of 2.2 Pounds	Per Cent
More than 10,000 up to 15,000	0.90
More than 15,000 up to 150,000	0.70
More than 150,000 up to 250,000	0.55
More than 250,000	0.40

The above rates shall be applied to imports comprising up to 10 different kinds of articles whenever these are included in one expense account. On shipments containing 10 up to 100 articles the rate shall be increased by 25 per cent. On shipments consisting of 100 or more articles the rate shall be increased by 50 per cent.

II. Merchandise exclusively for the Mining Industry

(In Lots of 5,000 Kilos or More)

	Per Cent
Sodium and potassium cyanide	0.175
Sodium bicarbonate	0.275
Xanthate	0.175
Sodium hyposulphite	0.250
Powdered zinc	0.675
Oil for the flotation of ores	0.500
Aero-float	0.500
Kegs for the exportation of arsenic, either set up or knocked down	0.175
Scrap iron and steel	0.900
Bars of steel for mines	0.175
Sodium nitrate	0.190
Copper sulphate	0.175
Fire-brick and fire-clay	0.750
Calcium carbide	0.190
Caustic soda	0.500
Cadmium powder	0.250
Chrysillic acid	0.375

III. Merchandise exclusively used in Agriculture

	In Lots of 1,000 up to 10,000 Kg. Per Cent	In Lots of more than 10,000 Kg. Per Cent
Soil fertilizers named as such in the import tariff	0.50	0.30
Ammonium sulphate	0.50	0.30
Potassium nitrate	0.50	0.30
Superphosphate of lime	0.50	0.30
Guano	0.50	0.30
Agricultural seeds imported as such	0.50	0.30
Implements exclusively for agricultural use	0.50	0.30

B. FEES LEVIABLE ON EXPORT GOODS

I. Merchandise in General

	Up to 100 Tons Pesos	Additional Pesos
Palm fibre hats and the like, broom root, beer, horsehair, and household furniture.	10.00	4.00
Wool, hides and leather of all kinds, dry blood, roots of bitter cane and coffee	6.00	3.00
Twine and other manufactures of henequen, henequen fibre, ixtle fibre and the like	5.00	3.00
Bones and horns of cattle.	4.00	2.00
Cotton, waste cotton, and honey	4.00	2.00
Bran, broad beans, cake for fodder, Indian corn, and beans	2.40	1.20
Turpentine and rosin	3.00	2.00
Hewn or sawn lumber	4.00	2.00
Logs	6.00	3.00
Bananas—		
By boat	2.00	0.80
First 5 cars, 25 pesos each		
Each additional car, 15 pesos each		
Second-grade chick-peas	2.00	1.00
Chick-peas n.o.p.	3.00	1.50
Tomatoes and vegetables	4.00	3.00
Benzol	2.00	1.00
Commodities, n.o.p.	4.00	3.00
Limes—		
First 50 boxes, 0.50 peso each		
Each additional box, 0.25 peso each		
Vanilla, 1 per cent on value and expenses		

II. Metals and Ores

	METALS				ORES AND CONCENTRATES			
	Per Ton Pesos	Up to 50 Tons Pesos	Up to 1,000 Tons Pesos	More than 1,000 Tons Pesos	Per Ton Pesos	Up to 50 Tons Pesos	Up to 1,000 Tons Pesos	More than 1,000 Tons Pesos
Iron . . . . .	....	....	....	....	0.20	....	....	....
Antimony.	0.50	....	....	....	....	2.00	0.50	0.40
Bismuth.	0.50	....	....	....	....	....	....	....
Cadmium. . . . .	....	....	....	....	....	0.50	0.35	0.25
Arsenic in casks containing 60 gals.	0.50	....	....	....	....	....	....	....
Arsenic in bulk. . . . .	....	....	....	....	....	0.50	0.35	0.25
Vanadium. . . . .	....	....	....	....	0.50	....	....	....
Molybdenum. . . . .	....	....	....	....	0.50	....	....	....
Tungsten. . . . .	....	....	....	....	0.50	....	....	....
Lead . . . . .	....	1.00	0.50	0.25	0.35	....	....	....
Copper. . . . .	....	1.00	0.50	0.25	....	....	....	....
Tin . . . . .	....	....	....	....	0.40	....	....	....
Mercury	0.50	....	....	....	....	....	....	....
Zinc in concentrated form. . . . .	....	....	....	0.25	....	....	....	....
Zinc in bars. . . . .	....	1.00	0.50	....	....	0.25	0.20	0.15
Common metals n.o.p. in bars.	0.50	....	....	....	....	....	....	....
Ores, n.o.p. . . . .	....	....	....	....	0.40	....	....	....
Graphite . . . . .	....	....	....	....	....	1.00	0.50	0.40
Non-metallic ores . . . . .	....	....	....	....	....	1.50	1.00	0.50

Silver, 1.25 peso per bar, maximum fee 40 pesos.

Gold, 1.25 peso per bar, unlimited.

The minimum fee on each export shall be 10 pesos.

ARTICLE II.—The following rules shall be used for the application of this tariff:—

1. These charges shall be applied as follows:—

(a) On importation: To all foreign merchandise the customs clearance of which requires a customs declaration, with the exception of metallic ores, metals in an impure state, and impure mineral oil entering the

country to be milled and returned abroad, as these will be subject to a free agreement between the importer and the customs broker.

- (b) On exportation: Only in such cases in which the law requires a customs declaration covering the merchandise.

2. These rates cover the entire customs clearance procedure, and consequently no additional commissions may be collected, as the above rates comprise the broker's total fee.

3. These rates refer only to the customs brokers' fee. They do not cover taxes, duties or expenses in connection with the transaction.

4. These rates apply to every shipper for every commercial transaction covered by an application for import or export clearance.

5. Imports made by railway companies of material for their exclusive use are exempt from the application of these rates.

6. Fees levied in accordance with the tariff of fees covering imports shall be based on the combined value of the goods, taxes, duties, and all expenses connected with the transaction (i.e., upon the landed cost of the goods).

Whenever the value of the merchandise is shown in foreign currency, conversion into Mexican currency shall be made in accordance with the table of equivalents issued monthly by the Department of Finance, and the table to be used shall be the one in effect on the date on which importation begins.

7. Fees charged in accordance with import tariff "A" can in no case exceed the amount resulting when export tariff "B" is applied.

8. Rates established for the exportation of ores, concentrates and metals shall be applied on the total weight of each lot of each kind of metal, ore, or concentrate according to the corresponding limit, but an agreement may be made by the importer with the customs broker whereby the total tonnage exported during a given month may be considered as one lot, and the rate shall be applied to the said total.

9. The rates referred to in the preceding paragraph shall be applied on the basis of the main metallic content of the ores, concentrates and metals being exported.

ARTICLE III.—The non-compliance on the part of the customs broker with any of the rules of this tariff shall subject him to the cancellation of his permit as soon as said non-compliance has been proven.

ARTICLE IV.—On imports made by the Foodstuffs Prices Control Board the rate shall be 0.2 per cent of the invoice value and expenses.

ARTICLE V.—On imports effected by the *Compania Productora e Importadora de Papel, S. A.*, the rates shall be as follows: On lots up to 1,000 kilos, 0.6 per cent; and on lots greater than 10,000 kilos, 0.5 per cent.

ARTICLE VI.—The commission to be charged on the importation of motor cars, buses, etc., will be as follows: Automobiles, trucks and chassis, 50 pesos per unit; automobiles, trucks and chassis imported in two or more units, 35 pesos each.

It is recommended that Canadian importers purchase Mexican goods, whenever possible, on a basis of f.o.b. steamer or, when shipment is made by rail, f.o.r. the point in the United States that is directly across the border from the Mexican port of exit. Such a quotation will necessarily include all Customs brokers' fees, both Mexican and American, all charges for documents, all border-crossing expenses such as railway switching, etc., and Mexican export duties, all of which are likely to derange the importer's estimate of the landed cost of the goods in Canada unless he is fully conversant with the nature of these various charges.

WARTIME RATIONING AND CONSUMPTION

LEAGUE OF NATIONS PUBLICATION, 1942

This is the first comprehensive study that has appeared on consumption and rationing in the present war. All types of rationing and the experience of a very large number of countries are brought under review on the basis of material collected by the Economic Intelligence Service of the League of Nations.

Rationing and other measures of consumption are enforced in order to ensure an equitable distribution of limited—and in many countries drastically curtailed—supplies of certain essential goods such as foodstuffs, clothing, and fuel. But they play a further very vital role in war economy by reducing (or limiting) civilian demand in order to liberate maximum resources for war purposes and by making possible the control of prices. The volume opens with a discussion of this broad problem of consumption control in war economy, the various methods of rationing, the conditions under which they can operate successfully, and the connection between rationing and price control.

Particular attention is naturally devoted to food. In the second chapter, tables are given showing for some thirty countries, by categories of consumers and groups of foodstuffs, rations prevailing in the spring of 1942.

As regards Europe, available evidence seems to show that diets are adequate in the United Kingdom, Denmark, Sweden, and Switzerland and not critically short in calories (though apparently deficient in animal proteins, fats, minerals and certain vitamins) in Germany, despite the substantial cut in the German rations which occurred in April, 1942.

The situation in Italy and Spain is decidedly worse than in Germany. This is also true of the occupied countries, except Denmark. Not only are the legal rations lower, but those rations are frequently unobtainable in the shops; and even if obtainable, it is often doubtful whether full rations can be purchased by the poorest classes, prices having risen out of all proportion to the frozen wage-rates. Diets in the Netherlands, Czechoslovakia and Norway are nutritionally poorer and more deficient in calories than in Germany. In France and Belgium, where the rations represent about 60 per cent of the pre-war calorie consumption, many of those who are unable to eke out their rations by purchases on the "black market" are living at the barest level of subsistence. In Finland the rations represent about 55 per cent, in Poland (General-Government) less than 50 per cent, of the pre-war calorie consumption. In the latter country, in parts of Yugoslavia, and above all in Greece, there is famine.

To meet differences in individual needs, two distinct systems have been evolved. In Germany, where about 90 per cent of food consumption is rationed, rations are differentiated according to kinds of foods and classes of consumers—the latter being divided into categories by occupations (heavy worker, very heavy worker, light worker) and by sex, age, etc. The rations of bread, fat and meat of "very heavy workers", for example, are between two and three times as large as those of normal consumers. The German system, which has been generally applied in the occupied countries, is rigid and leaves a minimum of free consumers' choice.

The British system is far more flexible. Bread and potatoes are free, thus permitting everyone to obtain an unlimited number of calories, while restaurant and canteen meals are supplementary to the individual's basic ration. Special needs are met by the allocation of extra rations to canteens catering to industrial workers, by the extension of free school meals, and by "distribution schemes" giving children, mothers, and sick people first claim on available supplies of protective foods such as milk and fruit juice.

Flexibility is also maintained by the group rationing of canned goods. According to this system, each item within the group is valued in points, and the consumer may buy whatever he desires up to a given total point value. It is considered of great importance that all, irrespective of income, should be able to obtain their quotas of essential foods. Among the measures introduced for this purpose are the far-reaching subsidies to keep down prices.

Many aspects of the British system are naturally to be found elsewhere: for example, the subsidization of staple foods is practised in Sweden and certain other European countries; Germany distributes free vitamin preparations to school children; canteen and school feeding is common in Germany and many of the occupied areas, although for these meals ration cards have, as a rule, to be given up.

In the case of food there are definite limits to the amount by which consumption can be reduced without endangering health and life; in the case of most, although not all, consumers' goods there are no such obvious limits and, in fact, the consumption of such goods has been drastically curtailed. Available information on the subject is given in the third chapter.

The group rationing system just mentioned has been universally applied in the case of clothing. But in Germany, most of the occupied areas and Italy, rationing has been supplemented by a system of special permits, without which no purchase of certain articles of clothing can be made. By the first half of 1941, purchases of clothing in Germany had been reduced by some 50 per cent from the pre-war level. The clothes rationing introduced in the United Kingdom in June, 1941, led to a decrease of about 30 per cent in the volume of sales in the second half of that year as compared with the same period of 1940.

Fuel, electric current, soap, and other articles of household consumption are subject to restrictions of varying degrees of severity; the production of luxury goods has been restricted or stopped, while such limited quantities as may reach the market are subject to drastically increased taxation; the production of most durable consumers' goods—refrigerators, household furniture, pianos, etc.—has likewise been stopped.

The last chapter contains a brief analysis of the effects which wartime restrictions have had on the aggregate volume of consumption in various countries. Consumption has been heavily reduced in all European countries and in Japan; in the United States, Canada, Australia and certain other countries it appears to have increased up to the latter part of 1941.

In the United Kingdom the reduction in consumption provided about one-third of the total domestic resources absorbed in the war effort in 1941. The requirements of war production have also been met to a considerable extent by the consumption of capital. Germany, in particular, has had to resort to capital consumption on a large scale, in spite of a curtailment of private consumption by some 25 to 30 per cent.

In reviewing the whole body of evidence, especially concerning food rationing, it is observed that the rationing systems which have been developed are "more than a mere method of restricting individual consumption. They aim in fact at securing a minimum diet for the population as a whole and, in spite of the necessary limitations imposed by the wartime scarcity, they contain the elements of a distributive system in which consumption is guided not so much by individual purchasing power as by human wants."

CONTROL OF EXPORTS FROM CANADA

REGULATIONS AMENDED

By Export Permit Branch Order No. 54, effective December 3, 1942, cocoa beans, powdered cocoa, chocolate, and products of cocoa or chocolate, included in Group 1 (Agricultural and Vegetable Products), will require an export permit before being shipped to any destination. These products were formerly exempt from requiring an export permit when shipped to any part of the British Empire.

By Export Permit Branch Order No. 55, also effective December 3, 1942, Regulation 27 of the Export Permit Regulations (Fourth Revision) of September 30, 1942, is amended by the deletion of the last paragraph, which reads: "Export permits are not required for casual shipments of dairy products not exceeding 50 pounds in weight, except as provided for in Regulation 5, or for dairy products supplied as ships' stores." In other words, dairy products over \$5 in value require an export permit when shipped to any destination, unless consigned to the United Kingdom Ministry of Food.

By Export Permit Branch Order No. 56, effective December 7, 1942, two types of Atlantic herring: pickled, of a grade or quality known as "Tropics"; and bloaters, included in Group 2 (Animals and Animal Products), are exempted from requiring an export permit when shipped to any part of the British Empire or to any destination in the Western Hemisphere other than French colonies and possessions therein. Atlantic herring was placed under export control by Order in Council P.C. 10149 of November 10, 1942. The foregoing exemption does not affect all Atlantic herring but only the two types specifically mentioned.

TARIFF CHANGES AND TRADE REGULATIONS

Australia

RESTRICTIONS AFFECTING COMMERCIAL TRAVELLERS

Mr. Frederick Palmer, Canadian Trade Commissioner at Melbourne, reports that, in an endeavour to conserve manpower, coal and gasoline, a recent decision in South Australia restricts the activities of commercial travellers. The withdrawal of commercial travellers is due particularly to the need to replace men in warehouses and central offices who have been called into the Services. There is also a decreasing quantity of goods for which markets must be established and rationing in many directions obviates the necessity for these travelling salesmen. When reporting on the situation in October, Mr. Palmer said that the manpower position and fuel questions were more serious in South Australia than in other states, but it was expected that similar restrictions would be adopted in the other states.

IMPORT CONTROL OF PULP AND PAPER PRODUCTS

Mr. L. M. Cosgrave, Canadian Trade Commissioner at Sydney, reports that, effective October 19, 1942, various changes were made in the control exercised over imports of pulp and paper products.

Pulp for manufacturing paper in Australian mills, formerly exempt from licence, if of sterling origin, and regulated by special licence if of non-sterling origin, was placed under administration, that is in either case application must

be made for licence to import, and each application is dealt with on its merits by the Division of Import Procurement, Department of Customs. The same treatment is applied to pulp for other purposes, which was also formerly exempt if of sterling origin but limited to the level of base year importations if of non-sterling origin.

Tissue, writing and typewriting papers, formerly exempt from licence if of sterling origin, went under administration, the same as papers of non-sterling origin. Cellulose transparent paper, formerly exempt from licence if of sterling origin and in the "no licence" list if of non-sterling origin, became subject to administration. Fruit wrapping paper, formerly unrestricted if of sterling origin, and subject to licence if of non-sterling origin, is now under administration in both cases. True vegetable parchment, roofing and sheathing paper, and electric insulating paper and boards, of non-sterling origin, are now under administration instead of in the "no licence" category as heretofore. Such papers of sterling origin continue under administration. Glazed imitation parchment is now under administration irrespective of origin. Formerly it was exempt from licence if of sterling, and under administration if of non-sterling origin.

Various types of papers, classifiable by by-laws under tariff item 404 (materials for manufacturing), which were previously permitted entry from sterling sources though prohibited from non-sterling countries, have been placed on the "no licence" list. Among these are paper board, cover and photomount for use in manufacture of photo albums, paper for use in the manufacture of barbers' head rest rolls and neck strips, paper for use in the manufacture of festoons and streamers, paper boards for use in the manufacture of wads for milk and cream bottles, and paper for use in the manufacture of cake bands.

IMPORT CONTROL OF ELECTRIC FURNACE EQUIPMENT

Mr. L. M. Cosgrave, Canadian Trade Commissioner at Sydney, writes that with effect from September 25, 1942, the importation of electric furnace heating elements of recrystallized carborundum, and graphite and carbon electrodes and nipples, from both sterling and non-sterling sources, are subject to administrative control. Formerly, such articles when from sterling sources were not subject to licensing requirements, but when from non-sterling sources (including Canada) the value of import licences for the elements was limited to 50 per cent and of electrodes and nipples to 100 per cent of importations in the base year ended June 30, 1939.

IMPORT CONTROL OF MISCELLANEOUS GOODS

Mr. L. M. Cosgrave, Canadian Trade Commissioner at Sydney, writes that the following commodities, exempt from licence when imported from sterling countries, were placed under administration when imported from non-sterling countries: rectifying valves for use in battery charging apparatus classifiable under tariff item 179D4a; cotton duck under items 130A, 130B1a1, 130B1a2, 130B1a3, and 130B2; cotton yarn for covering magnet wire, item 392A3; framed addressing machine stencils, item 334N1. Formerly importations of these articles from non-sterling countries were limited to 100 per cent (rectifying valves to 90 per cent) of importations in the base year.

Incandescent mantles (tariff item 206D), when from both sterling and non-sterling areas, are now also under administration. Formerly they were in the category of goods for which it was announced no licences would be issued.

British Guiana

CHANGES IN IMPORT CONTROL REGULATIONS

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, reports that the Controller of Supplies, British Guiana, has issued the following notices:

October 28: No licences will be issued for the importation of leather boots and shoes or leather for the manufacture or repair of boots and shoes from the United Kingdom until further notice. This does not apply to Canada.

October 30: The Governor has approved the removal of the prohibition against the importation of onions and potatoes. Licences will, therefore, be issued for the import of onions and potatoes, but no priority of shipping space will be requested for them.

November 13: No further licences will be issued for the importation of corn starch and corn flour from the United Kingdom. Licences will, however, be issued freely for importation from Canada or the United States.

November 13: Notice is given that the ceiling prices of cotton piece-goods has been changed from 3s. sterling per square yard c.i.f. to 50 cents per square yard f.o.b (local currency). Imports from Canada at a higher price are restricted to 43,500 square yards per annum.

November 16: Applications to import jelly crystals from the United States only will be received for consideration.

November 16: Importers of wrapping paper and paper bags are notified that licences to anticipate their 1943 quota will be received for consideration.

November 18: Notice is given that the ceiling price of bedsteads and springs (complete) has been increased from \$10 to \$14 f.o.b. If bedsteads and springs are imported separately, the price of each must not exceed \$7 f.o.b.

November 20: Importers of rayon piece-goods are notified that they will be permitted to anticipate their quotas for 1943 to the extent of 50 per cent of their 1942 allocations.

November 20: Notice is given that the Secretary of State has approved of the removal of the ban on imports of cheese and butter from South American countries.

The British Guiana Government announced the appointment of Mr. P. W. King as Competent Authority (under the style "Controller of Prices") for the purpose of controlling prices of essential commodities. Mr. W. A. Macnie, formerly Commodity Controller, is now made "Controller of Supplies" for the purpose of controlling the importation and distribution of nearly all commodities. The work of the two Controllers will be closely co-ordinated.

Trinidad

IMPORT PROHIBITION ON FRESH APPLES REMOVED

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, reports that fresh apples, which were prohibited importation into Trinidad from all sources by an Order of August 29, 1941, may now be imported under licence, but no priority for shipping space will be given.

PERMITS FOR IMPORTATION OF PROPRIETARY MEDICINES

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, reports that the Secretary of the Trinidad Control Board on November 16 issued a notice that licences will be granted for the importation of all proprietary medicines and preparations on the basis of the average c.i.f. value of imports during the years 1938 and 1939.

BULK PURCHASING OF MACHINE TOOLS IN 1943

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, reports that the Director of Bulk Purchasing, Trinidad, in a notice dated November 11, 1942, published in the Trinidad *Royal Gazette*, has directed that the following machine tool requirements for 1943 (all types and all power driven) be purchased by Government Bulk Order in the United States: metal turning lathes; milling and hobbing machines; planing machines; drilling machines; boring machines; pipe and bolt screwing machines; shaping machines; slotting machines; grinding machines; metal sawing machines.

Barbados

LICENCES FOR IMPORTATION OF CANNED FRUIT

A Notice issued by the Office of the Controller of Supplies in Barbados on October 17, 1942, stated that until further notice, and subject to certain restrictions, licences will be granted for the importation of canned fruit. The restrictions mentioned, Mr. G. A. Newman, Trade Commissioner, reports, are principally those based on currency considerations. Canned fruit was included in an extensive list of goods the importation of which into Barbados, according to a previous announcement, had been prohibited.

British India

WAR COMFORTS EXEMPT FROM DUTY

Mr. M. R. Ahuja, India Government Trade Commissioner in Toronto, writes under date December 2, 1942, that he has been informed that the Government of India has modified its earlier orders regarding customs duty on postal parcels dispatched to Dominion and Allied forces serving in India (see *Commercial Intelligence Journal* No. 2017: September 26, 1942, page 299) by extending the benefit of free entry to tobacco and cigarettes imported as "war comforts". Commissioned officers of Dominion and Allied Governments' armed forces, to whom the duty-free privilege did not previously extend, are now also entitled to the exemptions in respect of parcels addressed to them as "war comforts". Articles not exempt from customs duty in this respect are wines, spirits and alcoholic liquors.

Peru

CONTROL OF DIETETIC PRODUCTS

Mr. W. G. Stark, Acting Trade Commissioner in Lima, writes that, according to a Peruvian ministerial resolution of September 2, 1942, the manufacture and export of dietetic preparations and feeding products for babies will be controlled by the Peruvian Directorate of Public Health. Importers and manufacturers of such products must present to the Directorate, within forty-five days, samples and full details as to prices. In the interest of the public the Directorate will also control the explanatory texts used in advertising.

EXCHANGE CONDITIONS IN NEW ZEALAND

C. B. BIRKETT, ACTING TRADE COMMISSIONER

Auckland, November 3, 1942.—There have been no changes in the exchange control regulations in New Zealand during 1942, and the financing of foreign trade, apart from that done on the lease-lend basis, continues according to the procedure laid down.

New Zealand's sterling funds in London are now at the highest level since well before the war, the latest Reserve Bank return showing the amount of £27,393,210. These assets have increased during the war as follows: October, 1939, £5,605,000; October, 1940, £8,821,000; October, 1941, £14,595,000; October, 1942, £27,393,000.

The value of New Zealand's exports for the twelve-month period ended June 30, 1942 (the production year) stood at £74,039,000, the highest ever recorded. Imports during that period were valued at £51,378,000, leaving a substantial surplus value for exports of over £22,600,000. This amount is more than sufficient to take care of all overseas debt charges, etc. New Zealand's debt domiciled in London at present amounts to £152,000,000.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING DEC. 7, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, December 7, 1942, and for the week ending Monday, November 30, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Nov. 30	Nominal Quotations in Montreal Week ending Dec. 7	Official Bank Rate
Great Britain.	Pound	4.8666			
		Buying	\$4.4300	\$4.4300	2
		Selling	4.4700	4.4700	—
United States.	Dollar	1.0000			
		Buying	1.1000	1.1000	1
		Selling	1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
		Bid	4.4200	4.4200	—
		Offer	4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
		Official	.3304	.3304	3½
		Free	.2618	.2623	—
Brazil	Cruzeiro (Paper)	.1196			
		Official	.0673	.0673	—
		Free	.0572	.0572	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
		Official	.0574	.0574	3-4½
		Export	.0444	.0444	—
Colombia.	Peso	.9733	.6343	.6343	4
Venezuela	Bolivar	.1930			
		Official	.3313	.3313	—
		Free	.3330	.3330	—
Uruguay.	Peso	1.0342			
		Controlled	.7307	.7307	—
		Uncontrolled	.5853	.5853	—
South Africa.	Pound	4.8666			
		Bid	4.3862	4.3862	3
		Offer	4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
		Bid	4.5380	4.5380	—
		Offer	4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
		Bid	3.5300	3.5300	3
		Offer	3.5760	3.5760	—
New Zealand.	Pound	4.8666			
		Bid	3.5440	3.5440	1½
		Offer	3.5940	3.5940	—

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Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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SOUTH AFRICAN AGRICULTURAL SITUATION

J. C. MACGILLIVRAY, CANADIAN TRADE COMMISSIONER

Cape Town, November 3, 1942.—The appointment on April 15, 1942, of a Controller of Agricultural Implements, Machinery and Requisites, which followed the designation of a Food Controller on March 16, reflected the increasing importance of the wartime maintenance of South Africa's food production. Prior to the war the Union had an export surplus of a number of agricultural and pastoral commodities, chief among which were maize, sugar, fruit, wool, hides and skins, mohair, and butter. On the other hand, certain other foodstuffs and allied products falling under the same heading, which are not produced locally, or, if so, in insufficient quantities, were brought in from abroad. Among these were included rice, oil seeds, pulses, canned fish and preserved meats.

The total value of agricultural exports in 1939 was £10,278,352, the principal items and the value of each being: maize, £2,666,046; maize meal, £715,876; oranges, £1,484,732; grapes, £401,486; and sugar, £1,934,655.

Concurrently the value of foodstuffs imports, exclusive of animals, pastoral products and feedstuffs, was £5,025,089. Of these tea was the leading single item with a value of £1,074,925. Others of importance were: rice, £596,406; coffee, £428,255; preserved fish, £359,625; tinned beef, £130,692; and ground nuts, £261,557.

Wartime conditions have altered the normal ebb and flow of most of these foodstuffs which formerly moved in and out of the Union. Export markets have been lost or curtailed, while shipping and other difficulties which hamper imports are making the country to an increasing extent more dependent on its own resources; it is becoming increasingly necessary, therefore, to step up production,

particularly of cereals and meat. Before the war roughly half of South Africa's rice imports came from Thailand and most of the remainder from British India. Thailand is no longer exporting, while India has less to offer. Consequently a change-over is taking place from rice consumption to maize consumption, with a resultant greater demand for maize and its products.

In addition to this change in normal food requirements, increasing demands have been made on the country's supplies as a direct consequence of the war. The military forces of the Union, as well as those of allied nations campaigning in the Middle East, are being supplied as far as possible with foodstuffs from South Africa. There has also been a heavy increase in the demand for ships' stores consequent on the closing of the Mediterranean and the use of the Cape route by allied shipping. Apart from these two important factors, large numbers of prisoners of war have been interned in the Union. There are also contingents of British and other military personnel temporarily domiciled for military training or hospitalization, as well as many refugees and evacuees from the Far and Middle East who are making their homes temporarily in South Africa. All of these additional consumers have placed a strain on the country's food resources.

POSITION OF AGRICULTURE

Agriculture is the weakest point in South Africa's economy. The country is poorly endowed by nature for farming, and the position is deteriorating rather than improving owing to soil exhaustion and erosion. At a recent conference of the South African Agricultural Union it was stated that the Government had about £48,000,000 invested in farm mortgages and that 95 per cent of the security was depreciating from natural, social or economic causes over which the individual farmer had no control. It was suggested that the State, in order to protect its advances, should gradually assume ownership of these farms in order to facilitate a program of conservation. In dealing with the erosion problem one speaker stated that 25 per cent of the country's surface soil had already gone and that the remainder was vanishing at an accelerating pace. An authority on the subject has estimated that in a little over half a century there will be no land left in South Africa suitable for agriculture, a situation which is being hastened by the increasing utilization of the soil as a result of the present attempt to increase production.

In South Africa approximately 200,000,000 acres are devoted to farming, of which roughly 14,000,000 acres are cultivated, 180,000,000 are used for grazing, and the remainder, some 6,000,000 acres, are under forests. It is apparent from these figures that, from the point of view of land utilization, animal husbandry is predominant. Close to 60 per cent of the Union's total area can be classified as arid or semi-arid, with a relatively low rainfall and quick run-off. For this reason the question of water supply for stock farming is of the utmost importance, which explains the relatively large demand for items like windmills and pumps. Cultivated land accounts for only about 7 per cent of the aggregate farming area. Despite this relatively small figure, this land is an important factor in the agricultural economic structure of the country by supplementing the natural supplies of animal feedstuffs and by supplying the bulk of the nation's requirements of foodstuffs of vegetable origin.

COMPARISON WITH 1914-18

In dealing with the present position of agriculture attempts are often made to effect a comparison with conditions during the war of 1914-18. Owing to the differences which prevail, however, the position twenty-five years ago was not comparable with that of to-day. The importation of foodstuffs was not nearly so restricted during that war period, since there was then comparatively little interruption of imports as compared with 1939-42.

On the other hand, a comparison indicating whether the agricultural policy of the country has been successful during the 22 years since 1917 and whether the Union's ability to feed the population then compares with its present capacity is possible by examining the statistical figures over the two periods from 1918 to 1928 and from 1929 to 1939. It is necessary to divide the number of years into two periods, because there was considerably more progress made from 1918 to 1928 than has been apparent from 1929 to 1939.

For instance, in the first period the increase in the number of cattle was about $8\frac{3}{4}$ millions, and in the second period, notwithstanding the increase in breeding stock during the first period, the increase was about $1\frac{1}{4}$ million. Since 1928 the number of cattle owned by natives has decreased by 86,000.

From 1918 to 1928 woolled sheep increased by 19,000,000, but from 1929 to 1939 the reduction was 12,000,000, so that by the end of 1939 the actual increase over 1918 was only about 7,000,000. The number of non-woolled sheep increased during the 22 years by only about 1,340,000. Goats, which provide a large source of supply of meat to the Bantu population, increased during the same period by only 70,000, while the Bantus increased in number by about 60 per cent. Angora goats dwindled from 2,700,000 to 700,000.

Pigs, for the production of which South Africa is well suited, showed a steady decline in numbers, and in 1939 there were 80,000 less than in 1918. The decrease was among pigs owned by white farmers, which in 1939 numbered 200,000 less than in 1918, while native-owned pigs had increased by 116,000.

In cereal production there was a decrease in 1939 as compared with 1918 of 24,000,000 pounds in barley, in native-produced kaffir corn of 6,000,000 pounds, and, as compared with 1929, a decrease of 33,000,000 pounds in rye. Increases are most noteworthy in maize, sugar, potatoes, and butter. Production of maize had increased by 1928 by about 70 per cent over the 1918 figure, and by a further 30 per cent by 1939. Peak production was reached in 1939, but it should be noted that the average return over the total acreage planted was 4.6 bags per acre. Sugar production increased from 143,860 short tons in 1918 to 522,732 tons in 1939. The production of potatoes in 1918 was about 14,700,000 bags of 150 pounds; in 1939 it was 28,900,000 bags.

Butter production increased from 18,500,000 pounds in 1918 to 50,133,000 pounds in 1939.

Wheat production varied. In 1918 it was 3,044,850 bags (of 200 pounds); in 1929 it was 3,167,660 bags; in 1939 it was 5,088,700 bags, although in the previous and succeeding years it did not reach 4,000,000 bags. Peak production was in 1935, amounting to 5,216,480 bags.

As regards food prices, these are much higher than they were three years after the outbreak of the 1914-18 war. This is due largely to the scarcity of shipping for transporting imports and to record drought in the past year, which did much to force prices upward and also create a scarcity of supplies. It was only in 1920, two years after the Armistice, that prices of food reached current levels.

In considering the movement of agricultural and pastoral production between 1914-18 and 1939-42, the increase in South Africa's population should also be taken into account. In 1918 it totalled 6,698,000, made up of 1,469,321 whites, 548,848 half-castes, 162,435 Asiatics, and 4,517,396 natives. In 1939 the estimated total population had increased to 10,210,224, or by 52.6 per cent. In 1939 there were 687,203 more whites than in 1918, 266,052 more half-castes, 78,765 more Asiatics, and 2,480,204 more natives.

UTILIZATION OF FARM IMPLEMENTS AND MACHINERY

Crop farming in South Africa has not been mechanized to the same extent as in Canada; nevertheless the requirements of farm machinery and implements are important, approximating about 35,000 tons per annum. Until about two

years ago the Union was entirely dependent on foreign countries for its requirements of agricultural implements and machinery, except for negligible quantities of pumping machinery and ordinary types of cultivators. In May, 1941, however, a factory was started at Vereeniging in the Transvaal for the production of light tillage implements such as single-furrow ploughs, one-row cultivators, harrows, and flat steel shares for light ploughs. There is also a plant producing hammer-mills on a small scale.

According to a memorandum prepared by the Controller of Agricultural Implements, the present output of the Vereeniging factory, on the basis of one shift a day, is about 2,760 short tons, made up as follows:—

Vereeniging Production of Agricultural Implements

	Units	Tons
Single-furrow ploughs	20,000	1,000
One-row cultivators	4,000	160
Triangular harrows	1,500	55
Zig-zag harrows	3,000	360
Two-furrow ploughs	500	75
Flat shares	300,000	670
Angle shares	30,000	120
Moundboards	40,000	200
Landsides	60,000	120
Total		2,760

It is stated that, by the addition of certain machine tools which are on order and by operating two shifts, the output of this plant could be increased to 6,040 tons. While local production has lessened the need for importing the above-listed types of tillage implements and accessories, the policy which the Government has adopted to increase agricultural production brings with it a greater demand for farm implements and machinery in comparison with the pre-war period. Concurrently there has since then been a decline in imports, the 1941 volume being about 33 per cent below that of 1939 and the 1940 figure down by some 30 per cent.

In 1939 the total value of imports of agricultural machinery and implements was approximately £1,300,000, of which about 50 per cent was obtained from the United States and roughly 14 per cent from Canada. Some 20 per cent came from the Continent of Europe and the remainder from the United Kingdom and Australia.

CONTROL OF IMPLEMENTS

Early in 1942 when, as a result of the contraction in the volume of imports, it became apparent that the agricultural implement position was becoming acute, the Government took steps under the Emergency Regulations to assume complete control over local manufacture and distribution. As mentioned at the beginning of this report, a Controller to administer the regulations took office on April 15. Detailed regulations regarding control over distribution were published in the *Government Gazette* late in the same month.

Control of distribution is of three kinds, particulars of which are as follows:—

1. Centralized, i.e., where articles can only be sold against a permit from the office of the Controller. Permits, whether to farmers or other persons (including government departments or public utilities) are only issued where the Controller is satisfied that the applicant must of necessity have the use of the machine applied for and that his claim is stronger than those of other applicants who, on account of the shortage, must do without the centrally controlled article. Furthermore permits are only issued where the article is essential for the maintenance or increase in food production or for the maintenance of services of vital importance. So far the following articles are subject to this control: all

tractors, both agricultural and industrial; all small engines of a horse-power not exceeding 20-brake horse-power; and all water-lifting pumps except hand-pumps. By arrangement with the Gold Producers' Committee, all pumps which are exclusively used in mines are controlled by that Committee.

2. With the exception of spare parts and a small number of machines and implements of minor importance, all sales made to firms or persons who will re-sell and those which exceed £100 per month to the same firm or person are subject to the permission of the Controller. The object of this is to maintain geographical control over distribution and also to provide information as to where the goods are at any given time, if this information should become necessary.

3. A large number of the more important machines and implements, such as multi-furrow ploughs, disc harrows, combine harvesters, grain-binders, mowers, threshing-machines, hammer-mills, seed-drills, etc., may only be sold by a merchant to a bona fide farmer where the latter has satisfied the former that he necessarily and immediately requires it for the maintenance of or an increase in food production. To assist the merchant in carrying out this onerous task, the farmer has to supply him with certain prescribed information sworn to by the applicant before a Commissioner of Oaths. This measure is to check a natural tendency to buy forward during a period of uncertainty and rising prices articles which may not necessarily be required immediately. A person other than a bona fide farmer can only acquire any of these machines by permit from the office of the Controller.

In practice it is stated that there has been no difficulty in giving effect to the provisions referred to in Paragraphs 2 and 3 above, owing to the high degree of co-operation extended by importers and wholesale distributors of agricultural implements. The Controller reports that all concerned have felt that their own interests coincided with National interests and that merchants have observed a policy of judicious rationing, the object of which is to distribute the limited supplies available as evenly as possible.

DEVELOPMENT OF FOOD INDUSTRIES

The war has given an impetus to industries engaged in the packing and preparation of foodstuffs, although the development which has taken place has not been large enough or of sufficient importance to have any effect on agriculture as a whole. While no figures are obtainable, there has been a marked expansion in the canning of fruits and vegetables to fill the gap left by the stoppage of imports and by new demands. This development has been hampered by a shortage of container material such as tin plate. The dehydration of vegetables has also been undertaken on a small scale, as well as the processing of other concentrated foods and the manufacture of breakfast cereals and dried milk. South African condiments, pickles and sauces now have a monopoly of the market also, although the quality of these new products is poor.

SUMMARY

The immediate task confronting South African agriculture is not only to maintain but increase the output of foodstuffs. The Minister of Agriculture, who is also Food Controller, has summarized the present position in an interview as follows:—

"At the outbreak of war it was found that supplies were limited. Last year there was a drought. Their first duty had been to increase production by means of price fixation for producers and by other means. Then they had to undertake the control of distribution, so that all could get their share. There was a shortage of agricultural implements, but some were now being made in South Africa, and the Government was endeavouring to obtain higher shipping priorities to ease

the position. Wonderful work was being done by the farmers themselves, as well as by mechanics and in garages throughout the country, and farm machinery was being kept at its maximum efficiency. There was a great shortage of fertilizers. Next year there would be even less. Farmers must make compost on their farms to as great an extent as possible in order to provide a substitute for imported supplies."

As government policy is opposed to any coupon rationing of foodstuffs, considerable maldistribution of commodities has been unavoidable. This, coupled with the extra demands to meet the requirements of the increasing industrial population, war prisoners, soldiers, evacuees and passing convoys and for exports to the armies in the Middle East, has given the food supply situation a serious turn. Apart from a shortage of farm machinery and fertilizers, there is also an inadequate supply of farm labour, trek oxen and mules. For all these reasons very careful planning, in addition to favourable weather conditions and the continued importation of agricultural machinery and equipment, is essential if agricultural production in the Union is to keep pace with demand.

NATIONAL REGISTRATION IN NEWFOUNDLAND

R. P. BOWER, ACTING TRADE COMMISSIONER

St. John's, November 10, 1942.—A national registration scheme has just been announced by the Commission of Government in Newfoundland. All persons, male or female, between the ages of 16 and 65 years, except members of the armed forces, must register. Persons who are in Newfoundland but are absent from their settlements will be registered at their homes by a member of their household. In certain outlying districts the registration period extends from November 16 to December 31, 1942; in all other registration districts in Newfoundland the period is between November 2 and December 15.

Unlike the procedure adopted in Canada, Newfoundlanders are not expected to present themselves before a registrar at central points. Instead, deputy registrars will secure registration by calling at all the homes in the Island. All persons registering during the registration period will wait until a deputy registrar calls at their homes, as all cards must be signed in the presence of the deputy registrar. Persons who can fill in their cards neatly are expected to do so. Those who cannot may have another person fill them in or await the return of the deputy registrar, who will write in the answers.

The types of work which persons are doing and have done is to be accurately set forth. Persons not ordinarily resident in Newfoundland, who enter the country during or after the registration period, must within three days attend before a constable or ranger and register.

After the close of the registration period, the following persons must attend before a constable or ranger within ten days and register: (a) persons who attain their sixteenth birthday; (b) persons resident in Newfoundland who return after absence during the registration period, and (c) all persons required to register who have not been registered by December 31, 1942.

After December 31, 1942, persons wishing to leave Newfoundland or to obtain or retain employment must have certificates of registration. Such certificates are issued by deputy registrars upon completion and signing of cards.

TYPE OF INFORMATION OBTAINED

The questions on the registration cards are in general similar to those appearing on the Canadian cards. It has not yet been determined to what use the information collected as a result of the registration will be put. Information will be provided as to the extent of manpower available in the country and its distribution throughout the various industries considered essential to

the efficient prosecution of the war or the general economic welfare of the country. It is estimated that approximately 200,000 persons in Newfoundland and Labrador will be registered. A compilation of the information collected will take some time but, if information is required on any particular aspect by a specific date, sufficient staff will be made available to extract from the returns all the information required by that date.

It is recognized that the information obtained will be of great value when work of a defence character tapers off and employment must be found for individuals formerly engaged on work of this kind.

BRITISH STANDARDS FOR TIMBER

JAMES CORMACK, CANADIAN TRADE COMMISSIONER

Bristol, October 31, 1942.—Following the request made by Canada at the Imperial Conference held in Ottawa a few years ago, the British authorities are now adopting transatlantic grading rules and standards for timber from both home-grown and imported woods. The functions of the British Standards Institution, incorporated by Royal Charter, are much the same as those of the Canadian Engineering Standards Association in Canada. The Institution has issued a new series of grading rules for home-grown timbers and more recently similar rules affecting imported timbers, as contained in their booklet "British Standard 940: Part 2, 1942". So far these new rules are confined to structural timber primarily intended to transmit loading and are not intended to apply to timber used for general purposes where the stresses are unknown. The rules are based on information obtained from the American Society for Testing Materials and from the publication of the Canadian Engineering Standards Association—"Standard A. 43, revised 1941 for Structural Timbers".

A new system has been introduced for naming the strength grades; the class of timber described is directly associated with the appropriate safe working stress in bending and compression.

The grading rules may be applied to wood at any stage in its progress from the saw to its position in the structure. The responsibilities of graders and of architects are limited, and the rules are more in the nature of guides than obligations. They cover some twenty different timbers and relative schedules, and are grouped into three main classes as follows: joists and planks (not over 4 inches in breadth); structural beams (over 4 inches in breadth); and structural columns and struts.

The new British rules are designed to effect economy in the use of timber supplies in this country, and in the foreword the hope is expressed that they will also be of considerable assistance in post-war reconstruction.

Copy of the Institute's booklet containing details of the new standards is on file at the Department of Trade and Commerce at Ottawa and is available for inspection by interested Canadian firms on application (quote file No. 19321).

POULTRY IN NORTHERN IRELAND

E. L. MCCOLL, CANADIAN TRADE COMMISSIONER

Belfast, October 26, 1942.—Before the outbreak of war the Northern Ireland poultry industry was in a flourishing condition, and it is still being satisfactorily maintained. Under existing conditions it is fortunate that there are few farmers who rely upon poultry-keeping alone for their livelihood and depend almost entirely on imported feeding-stuffs. Practically all the poultry is raised on farms where mixed farming is carried on, so that it is comparatively easy for owners to be independent of imported feeding-stuffs by producing the feed they require.

Throughout the 1914-18 war period the number of ordinary poultry in Northern Ireland remained at almost the same level, there being a decline of only 11·8 per cent—from 5,475,459 in 1914 to 4,830,083 in 1918. The number of ordinary poultry in 1939 was 69·8 per cent more than in 1914 and 92·4 per cent more than in 1918. This heavy increase, together with the fact that the tendency in recent years has been to depend more and more on purchased feeding-stuffs and less on potatoes and other home-grown produce, indicates that the industry's requirements of imported feeding-stuffs are now much greater than in the 1914-18 period. With the curtailment of these supplies, farmers have been urged to make every effort to increase the production of home-grown feed and not kill off the birds indiscriminately because of temporary feed shortage. On the whole the response to this appeal has been good, and the country's flocks have been well maintained.

The following table shows the numbers of poultry in Northern Ireland for the years 1937 to 1939:—

Northern Ireland Poultry by Types

	1937 No.	1938 No.	1939 No.
Turkeys	420,466	456,214	405,329
Geese	111,556	113,169	104,256
Ducks	427,808	424,563	414,906
Ordinary fowl	9,222,437	9,199,092	9,289,696
Totals	10,182,267	10,193,038	10,214,187

Statistics are not available for any period later than 1939; the numbers of each class of poultry have increased since that year.

It will be noted that approximately 90 per cent of the total number of poultry is made up of ordinary fowl, of which the most popular breeds are Rhode Island Red, White Wyandotte, White Leghorn and Light Sussex in that order. There are a few flocks of Barred Plymouth Rocks, and Canadian birds have been introduced in some cases to improve these flocks. Turkeys, geese and ducks are raised chiefly for table use, the most favoured breed of turkey being the American Bronze.

FEEDING

With regard to the pre-war feed for poultry on the average Northern Ireland farm, the standard meal mixture in general use was four parts pollard, two parts maize meal, two parts bran, one part Sussex ground oats, and one part fish meal or high-grade meat meal. If separated milk was available, it replaced the fish meal or meat meal. The grain mixture was equal parts oats and maize or oats only.

The present wartime diet depends largely on circumstance. The allowance of purchased meals under the rationing scheme is one-quarter ounce per bird daily, so that about three and three-quarter ounces per bird daily must be provided from home-produced foods. The one-quarter ounce may be obtained in the form of a ready-made balanced mixture composed largely of wheat offals and a protein supplement. The home-produced foods being fed to poultry are oats, barley, potatoes and greens. The inclusion of boiled potatoes and other vegetables in the mash is now general, and the results are quite satisfactory. In many cases the mash consists of from 30 to 50 per cent of boiled potatoes. The grain ration is oats only. It is not permissible to feed wheat to poultry or other farm stock.

PRICES

Maximum prices for poultry for the table have been fixed by the Ministry of Food; prices of pedigree birds are not controlled but vary in accordance with quality and pedigree. Cockerels may cost from £1 to £5, and hens from 15s. to £2 each.

The price fixed for setting eggs at poultry stations for the coming season is 5s. per sitting of twelve eggs. Prices at accredited farms are not fixed and vary from 5s. to 6s. per sitting. Prices for sittings from special pens on these farms would be higher, however, and might range from 10s. to £2 per sitting.

GOVERNMENT SCHEMES FOR THE IMPROVEMENT OF POULTRY

Four schemes designed for the improvement of farm poultry in Northern Ireland are administered by the Ministry of Agriculture. Briefly these are as follows:—

1. *Instruction in Poultry-keeping.*—This scheme provides for the appointment of instructors in poultry-keeping in each county in Northern Ireland for the purpose of conducting classes and delivering lectures on this subject, visiting farms, and giving advice and practical instruction to those engaged in this branch of farming.

2. *Poultry Stations.*—The object of this scheme is the improvement of farm poultry by providing facilities for poultry-keepers, especially those in backward districts and those engaged in poultry-keeping in a small way, to obtain eggs from high-grade stock at a reasonable cost. A limited number of premiums are offered to approved persons to keep stations of pure-bred poultry for the distribution of hatching eggs on prescribed terms. The scheme also provides for premiums to be given to persons who are selected to keep goose and turkey stations. The number of stations of each kind in operation during the 1941-42 season was as follows:—

Distribution of Northern Ireland Poultry Stations

County	Hen or Hen and Duck Stations No.	Goose Stations No.	Turkey Stations No.
Antrim	39	13	72
Armagh	20	13	49
Down	34	16	73
Fermanagh	34	15	62
Londonderry	40	22	57
Tyrone	35	17	111
Totals	202	96	424

2. *Blood-testing of Poultry for Bacillary White Diarrhœa.*—This is a scheme whereby poultry breeders may have their birds blood-tested for b.w.d. at nominal charges. The blood samples are taken by the instructors in poultry keeping and are tested by the Veterinary Research Division of the Ministry of Agriculture. During the testing season temporary blood-sampling assistants are appointed by each county committee of agriculture to assist the instructors to meet the demand for blood sampling.

3. *Registration of Accredited Poultry Farms.*—A register of poultry farms, the owners of which have complied with the conditions laid down in the scheme, is compiled for each hatching season. The conditions are similar to those which apply in the case of poultry stations, and the object of the scheme is to make easily available to poultry-keepers a list of private farms from which hatching eggs and stock may be purchased with a minimum of risk as regards disease. The number of accredited farms registered for the year 1941-42 was 174, distributed as follows: Antrim, 43. Armagh, 14; Down, 41; Fermanagh, 7; Londonderry, 40; Tyrone, 29.

The number of applications for registration for the 1942-43 season shows an increase over the figure for the previous year and indicates that this scheme is growing in popularity. The sale of eggs and of chicks from poultry stations and from accredited farms has steadily increased year by year, showing that

poultry-keepers are becoming more alive to the fact that such sources are the most satisfactory from which to obtain supplies.

EGG-LAYING TESTS

Egg-laying tests are conducted by the Poultry Division of the Ministry of Agriculture at Stormont, Belfast. These tests are designed to enable poultry-breeders to obtain accurate records and thus to breed only from profitable strains. In addition, demonstration experiments are carried out in connection with the feeding of poultry. The tests are conducted annually, and were begun twenty years ago.

The result of the 1941-42 test, which ended on September 1, was very satisfactory. The average production from the 468 pullets accepted, making no allowance for deaths, was 187·17 eggs per bird, which was only exceeded on four occasions since the tests started. This was 11·3 eggs more than resulted from the previous test. The rate of mortality, at 8·54 per cent, was 6·27 per cent less than in the previous test and was the lowest since the 1932-33 test. The championship cup was won by an outstanding pen of White Leghorns, and a good pen of White Wyandottes was runner-up. The entries for the test, which began on October 1, 1942, with 112 pens, are 34 more than in the previous test and only 2 less than in the first war-year test.

During the 1941-42 laying test, wet mash was fed daily, and dry mash was available at all times in hoppers. The wet and dry mash varied in composition according to the feeding-stuffs available, but whenever possible it was composed of four parts sharps or coarsely ground oats, two parts bran, two parts maize meal, one part barley meal, and from 7 to 9 per cent of fish meal. One per cent of salt was incorporated in the wet mash throughout the whole test, and 1 per cent of cod liver oil and a small quantity of soaked linseed meal was included during the winter months. During the first thirty-two weeks of the test a mixture of grain consisting of two parts oats and one part cracked maize was given in the litter in the morning, and the same mixture, which had been soaked for twenty-four hours in water, was given in troughs in the evening. During the last sixteen weeks the grain fed was oats only. Limestone grit was available in troughs at all times, and raw greens in the form of cabbage were given twice weekly during the winter and early spring.

Comparison of the results obtained with those of the 1941-42 National Laying Test carried out in England is of interest. Under a wartime dietary sometimes difficult to maintain on a properly balanced basis, the large flock of more than 1,800 birds gave in the forty-eight weeks an average of 196·78 eggs per bird, the highest figure in the test's history, while the health of the flock was never better. Although grain was often lacking, large quantities of vegetables were grown at the test farm to feed the birds, and it was found that wartime bulk mashes, especially those made up largely of mixed vegetables, resulted in heavier consumption and consequently better health and condition than the more concentrated cereal, protein and mineral mashes which were given to birds in peace time.

AUSTRALIAN FLAX CROP IN 1942

FREDERICK PALMER, CANADIAN TRADE COMMISSIONER

Melbourne, October 18, 1942.—The total area sown to flax in Australia this year is expected to exceed 60,000 acres as compared with only 2,000 acres in 1939. Actually an objective of 70,000 acres had been set, but this will not be reached because wet weather has interfered with sowing. The marked development of this industry in Australia is attributable to conditions resulting from the war. From the flax the following defence equipment is made: web equipment, parachute harness, canvas, cordage, fire hose, various linen materials, and linen thread for sewing military boots and clothing.

The allocation of the proposed acreage for 1942 among the states was as follows: Victoria, 34,000 acres; South Australia, 10,000 acres; Western Australia, 10,000 acres; Tasmania, 16,000 acres. Most of the reduced acreage resulting from wet conditions has been in Victoria.

The bulk of the 1942 crop was sown in the autumn and early winter (March to June), and the remainder of the sowing will not be completed until the end of September. Harvesting will begin in early districts about the end of October and continue until March.

Problems of supplying manpower for the coming flax harvest and of cartage of the crop were discussed in Melbourne this week by the Flax Production Committee and growers' representatives from Victoria, South Australia, Western Australia, and Tasmania. The Committee has approached the Commonwealth manpower authorities for labour assistance, and it intends to arrange for a supply of vehicles to ensure that all flax harvested is transported to the mills without delay. With the constant drain on male labour from rural districts, the Flax Production Committee is turning more and more to the employment of girls and women, particularly for field work and also for some mill work such as the operation of feeding machines.

It is reported that representatives of the State Departments of Agriculture, the Council for Scientific and Industrial Research, and the University of Sydney have met to formulate long-range plans for developing types of flax seed that will be disease-resistant and suited to the various Australian flax-growing zones. All flax now being grown in Australia is from imported seed.

COMMERCIAL NOTES FROM INDIA

PAUL SYKES, CANADIAN TRADE COMMISSIONER

(One rupee is approximately equivalent to \$0.335 Canadian)

Bombay, November 15, 1942.—Following are brief notes on several aspects of the current economic situation in India:—

Canadian Trade with India

Some recession in the value of imports into India recorded earlier in the year, has recently been succeeded by a substantial improvement in these figures. Statistics for the six months ended June 30 show a value far in excess of any previous values for such trade, which is almost fifty times as great as the average value of a half-year's imports into this market prior to the war.

Exports to Canada from India declined slightly towards the middle of the year; the values recorded were formerly considerably higher than those for imports from Canada into India, but they are now less than 20 per cent of those figures.

Industrial Production

A review of India's industrial progress at the opening of the fourth year of the war illustrates the substantial achievements in the production of war materials, to which reference has been made in previous reports. United Kingdom and Indian orders for war equipment, which in 1939-40 averaged some Rs.70,000,000 per month, have now increased to Rs.200,000,000. The output of guns, rifles, ammunition of many types, boots, helmets, and various textile goods has expanded to many times the 1939 figures. New industries or operations, such as the production of high explosives, parachutes and harness, special steels, ferro-alloys, and a variety of drugs and medicines, are in constant development or expansion. Ship construction and repair has exceeded all previous records and expectations.

Import of Wheat from Australia

It is reported that several cargoes of Australian wheat have recently arrived at Indian ports and that further shipments are anticipated. These stocks are expected to relieve a grain shortage that has been experienced in some parts of the country, while they will also permit of the export of Indian rice to Ceylon, Iraq, and Iran.

Kraft Paper Production

As indicated in a recent report on the Indian paper market, published in *Commercial Intelligence Journal* No. 2011 (August 15, 1942), page 159, considerable progress has been made in the manufacture of various types of paper that were formerly imported from abroad. One of the most interesting of recent developments in the paper industry is the production of kraft paper from bamboo. Several mills are now engaged on this process which, it is stated, may eventually supplant the usual peace-time imports from Europe amounting to some 10,000 tons per year.

Import Control

Indian Government restrictions on imports from Canada and numerous other countries are becoming increasingly severe. Most Canadian products have been on the prohibited list for some months past, while it has recently become apparent that a number of items that are theoretically on the restricted list but importable under licence may now be obtained from Canada only when the control authorities consider them as absolutely essential to war industries or for similarly urgent purposes. The range of imports into India from Canada of the more ordinary types of foodstuffs and other consumer goods has accordingly become extremely small. Trade values have nevertheless recently reached record high levels.

Manpower for Industry

The number of workers employed in India's large-scale industries during 1941 has been estimated at some 2,000,000. This number is undergoing constant expansion, while various training establishments throughout the country are turning out skilled and semi-skilled workmen to meet the urgent demands for such staff. In a recent investigation, the number of workers in small-scale and cottage industries was estimated at from 12 to 15 millions. As many of these smaller industrial units are now engaged on government contracts, their share in the output of war materials, when supporting such a large labour force, may be regarded as very important.

Mineral Production

Continued efforts to expand the production of minerals required in India's war industries have led to the discovery of new and valuable deposits of bauxite in several parts of the country. The Central Government is co-operating with commercial interests in these prospecting operations and is understood to be prepared to give similar assistance to projected mining and refining processes. Such expansion in the aluminium industry, which has already been established in other parts of the country, promises to become an important factor in India's national economy.

Prices

An index number of wholesale prices maintained by one of the leading commercial papers stood at 192 in August of this year. The base period used in the computation of the index number was July, 1914.

Of the various commodities for which price data have been obtained, miscellaneous foodstuffs show the highest increase, this figure having reached a record high level of 352. Metals, sugar, tea, and cereals have also reached abnormally high levels. Hides and skins, jute, and mineral oil are recorded as below those of July, 1914.

Canada-India Mail Service

The recent establishment of an air-mail service between Canada and the United States and India via West Africa has effected a great improvement in communications between North America and this country. The service has been operating with speed and regularity. Details regarding superscription and postage rates are obtainable from post offices throughout Canada.

A further improvement in the mail service between India and Canada is the operation, as from October 15, of an airgraph service via the United Kingdom. Airgraph letters can now be sent from India to Canadian destinations with enlargement in the United Kingdom and transfer onwards to Canada by surface route.

FOURTH OFFICIAL ESTIMATE OF ARGENTINE GRAIN CROPS, 1942-43

Mr. W. B. McCullough, Assistant Commercial Attaché, at Buenos Aires, reports that the fourth official estimate of the grain crop acreage in Argentina for 1942-43 was announced by the Argentine Department of Agriculture on November 20. According to this estimate, the total area seeded to grains, exclusive of corn, for the current crop year is 30,578,353 acres as compared with 33,056,010 acres in 1941-42, a reduction of 7.5 per cent.

While the final estimate indicates a slight increase in the area seeded as compared with the third estimate, of October 22, the acreages of all grains except oats are less than those for the previous crop year. The percentage reduction for each of the crops is as follows: wheat, 8.9; linseed, 5.4; barley, 4.8; rye, 6.8; birdseed, 7.6. The area seeded to oats shows an increase of 0.8 per cent.

Comparative figures of the acreages sown in recent years are shown in the following table:—

Argentine Crop Acreages

	4th Estimate 1942-43 Acres	1941-42 Acres	1940-41 Acres	1939-40 Acres	10-Year Average Acres
Wheat	16,425,500	18,031,000	17,499,456	17,825,491	18,705,001
Flaxseed	6,125,600	6,743,100	7,100,262	7,596,475	7,300,749
Oats	3,546,920	3,517,280	3,941,132	3,444,758	3,603,048
Barley	1,877,200	1,971,060	2,144,701	2,120,631	1,897,326
Rye	2,479,880	2,660,190	3,325,608	2,294,754	2,405,933
Birdseed	123,253	133,380	145,730	125,343	133,592

CHANGES IN COST OF LIVING IN CALIFORNIA

T. J. MONTY, ACTING TRADE COMMISSIONER

Los Angeles, November 3, 1942.—According to indexes of the United States Bureau of Labor Statistics, the cost of living in Los Angeles on September 15 was 0.4 per cent higher than on the same date in the previous month, 12.6 per cent higher than in September, 1941, and 21.1 per cent higher than in pre-war August, 1939.

For San Francisco the recorded increase is slightly higher, showing an advance as of September 15 of 1.1 per cent above the figure for August 15, 1942, 12.2 per cent above that for September, 1941, and 21.8 per cent above the pre-war index figure for August, 1939.

The cost of food, a basic factor in increased costs, shows for Los Angeles an increase as of September 15, 1942, of 0.8 per cent over that for August 15, 1942; 23.2 per cent above the September, 1941, figure; and 45.8 per cent above that for August, 1939. In San Francisco, the increases were 2.5, 20.2 and 42.3 per cent respectively for the same periods.

The following table, based on the average of 1935-39 = 100, shows cost-of-living indexes for wage-earners and lower-salaried workers in Los Angeles and San Francisco for September, 1941, and for August and September, 1942:—

	All Items	Food	Clothing	Rent	Fuel, Electricity and Ice	House Furnishings	Miscel- laneous
Los Angeles—							
1941: Sept. 15	108.1	111.9	111.6	106.6	94.2	110.5	105.4
1942: Aug. 15	121.2	136.8	127.0	110.0	94.2	118.2	112.8
Sept. 15	121.7	137.9	127.6	110.1	94.2	118.5	112.8
San Francisco—							
1941: Sept. 15	107.8	111.1	109.5	104.5	91.8	111.3	107.0
1942: Aug. 15	119.6	130.2	125.4	106.1	94.6	119.6	116.3
Sept. 15	120.9	133.5	125.4	105.9	94.1	119.2	116.9

Illustrating the changes that have occurred in the cost of living in this area since the World War of 1914-18, the following table shows the variations in the cost-of-living index for the city of Los Angeles as of June 2, 1942 (computed from figures of the United States Bureau of Labor) using various dates during the intervening period as bases:—

<i>City of Los Angeles Cost-of-Living Index</i>	
Base Date=100	June 2, 1942, Index
December, 1915	162.0
June, 1920	79.7
December, 1923	87.6
June, 1929	94.5
June, 1933	130.0
March, 1937	113.9
March, 1940	117.0
June, 1941	111.6
June 2, 1942	100.0
Average, 1935-39	117.8

Thus the cost-of-living index for June 2, 1942, shows an increase of 62 points over that for December, 1915, using the latter month as a base, but a decrease of 5.5 is shown as compared with June, 1929. Taking the average 1935-39 as a base, the cost-of-living index for June 2, 1942, shows an increase of 17.8 per cent.

TARIFF CHANGES AND TRADE REGULATIONS

Australia

EXEMPTION FROM DUTY OF GIFTS FOR ARMED FORCES

An Australian regulation of October 7, 1942, states that customs duty shall not be chargeable on the following:—

Goods, not exceeding in value £10 sterling in any period of 12 months, sent or brought to Australia by: a member of the Naval Forces serving outside Australian waters; a member of the Australian Imperial Force serving outside Australia; a member of the Air Force serving outside Australia; a member of the Defence Force serving in the Territory of Papua or the Territory of New Guinea; a person ordinarily resident in Australia serving with the Naval, Military or Air Forces of the United Kingdom; a person serving with any nursing service, voluntary aid detachment, red cross society, ambulance association or any similar body or association attached to any of the foregoing forces; a person who is a representative, attached to or accompanying any of the forces so specified, of any organization which is providing philanthropic, welfare or medical services for members of such a force; or by a member of any police force attached to or accompanying any of the forces so specified.

Any gift, not exceeding in value £10 sterling in any period of twelve months, sent to a member serving in Australia of: the Naval Forces; the Australian Imperial Force; the Air Force; the Royal Australian Naval Nursing Service; the Australian Army Nursing Service; or the Royal Australian Air Force Nursing Service.

Any gift, not exceeding in value £10 sterling in any period of twelve months, sent to any member serving in Australia of: any naval, military or air forces of the United Kingdom or of any other part of His Majesty's dominions (other than the Commonwealth); or any naval, military or air forces of any foreign power allied or associated with His Majesty in any war in which His Majesty is engaged.

Goods the property of the American Red Cross to be used in Australia for the welfare of the members of the naval or military forces of the United States of America or of war victims.

Goods the property of the Government of the United States of America for sale in canteens of the Naval or Military Forces of the United States of America in Australia.

Gifts sent to any "overseas child" (as defined in regulations) by its parent or guardian.

Ireland

SUSPENSION OF IMPORT QUOTAS ON PERAMBULATORS AND MANURES

Mr. George Shera, Office of the Canadian Trade Commissioner in Dublin, advises that, by two Orders of the Government of Eire dated October 15 and 16 respectively, the quota restrictions on imports into Eire of certain perambulators and parts, superphosphates, and compound manures have been suspended for the period November 1, 1942, to June 30, 1943.

Trinidad

IMPORT LICENCES FOR FOODSTUFFS

A notice published in the *Trinidad Royal Gazette* of November 24, 1942, states that expiry dates of all licences issued prior to July 1, 1942, for the importation of foodstuffs are amended to December 31, 1942. This date will be extended in respect of all goods which had actually been shipped before that date, on production of satisfactory evidence to that effect. Mr. L. Spence, Secretary of the Control Board, announces that applications for reinstatement of all licences the expiry date of which has been amended by the Notice of November 24, 1942, will be considered. The applications must be accompanied by detailed statements of all unexpired import licences for similar items outstanding at the dates of the applications.

British Guiana

DUTY ON FOOTWEAR REDUCED

A British Guiana Ordinance of November 7, 1942, reduced the duty on footwear for the second time this year.

The general tariff rate on boots and shoes, wholly or partly of rubber, had been 50 per cent ad valorem plus 24 cents per pair, and the British preferential rate $16\frac{2}{3}$ per cent ad valorem with no specific duty. On March 19, 1942, the ad valorem rate under the general tariff was reduced to 6 per cent (plus the 24 cents per pair) and the British preferential rate was reduced to 2 per cent. On November 7, 1942, the rate of 24 cents per pair, under the general tariff, was removed, and the ad valorem rate reduced to 2 per cent, the same as the British preferential rate.

The general tariff on leather footwear was reduced on March 19 from 30 per cent ad valorem plus 48 cents per pair to 20 per cent ad valorem, and the British preferential rate from 10 per cent ad valorem to $6\frac{2}{3}$ per cent ad valorem. On November 7 these rates were further reduced to 6 per cent ad valorem general tariff and 2 per cent ad valorem British preferential tariff.

LOWER DUTIES ON VEGETABLES

The Ordinance of November 7 reduced the general tariff on unspecified fresh vegetables and ground vegetables from 80 cents per 100 pounds to 10 cents,

and the British preferential rate from 40 cents to 5 cents. The unspecified fresh vegetables include potatoes and fresh vegetables other than onions and garlic. The rates quoted are subject to a surtax of 30 per cent of the duty.

Bermuda

LISTS OF RESTRICTED IMPORTS REVISED

The Bermuda *Official Gazette* of December 7 contains a notice to importers from the War-Time Supplies Commission to the effect that the embargo lists and the list of essential items which may be imported on a non-quota (dollar) basis from the United States and Canada have been revised. Lists of essential commodities published on August 5 and September 16 will no longer have effect. The revised lists went into effect on December 1.

United States

EFFECTIVE DATE OF TRANSPORTATION TAX

With reference to Section 3475 of the United States Revenue Act, approved October 21, the text of which was published in *Commercial Intelligence Journal* No. 2026 (November 28, 1942), page 500, information has been received that the effective date of this Section is December 1, 1942.

Peru

IMPORT CONTROL OF VETERINARY PRODUCTS

Mr. W. G. Stark, Acting Trade Commissioner at Lima, writes that, under a Peruvian Resolution of September 16, 1942, the importation into Peru of vaccines, serums and other therapeutic products for veterinary use will be permitted only through the intermediary of firms and agencies legally established in that trade and by official or private parties representing the agricultural and live-stock industries.

COMMERCIAL POLICY IN THE INTER-WAR PERIOD: INTERNATIONAL PROPOSALS AND NATIONAL POLICIES

LEAGUE OF NATIONS PUBLICATION, 1942

This pamphlet constitutes a part of a general program of studies devoted to problems likely to prove important in connection with the formulation, now or later, of economic policies for the post-war world. Its purpose is to compare the commercial policies pursued in the inter-war period with the recommendations made or the action agreed upon by conferences and other international authorities, to consider the reasons for the frequent discrepancy between the policies proposed and those actually pursued and, in general, for the success or failure of the recommendations made, and finally to draw from this twenty years of experience lessons which it is hoped may be of value for the future.

The first part of the pamphlet accordingly contains a simple historical record, on the one hand, of proposals and agreements—from the XIV Points, the Covenant of the League of Nations and the Peace Treaties to the eleventh-hour attempts to arrest the disintegration of world trade and the drive towards autarchy in the later thirties—and, on the other, of national policies. It brings out the substantial success of international action throughout the whole period in regard to questions of commercial and fiscal legislation and of administrative

practice, as well as in regard to the re-establishment of the most-favoured-nation clause in the twenties; the partial success, up to 1930, of the attempts to abolish quantitative trade controls and to restore some stability in international trading relationships; the catastrophic reversal of this trend—and of the trend towards more equal trading conditions—in the thirties; the well-nigh complete failure to check the upward movement of tariffs, even in the most propitious years before the great depression, to bring about agreements between the small economic units in Europe or to prevent the progressive strangulation of international trade in the thirties.

The reasons for such successes and failures, and for the frequent discrepancy between the avowed intentions and the actions of almost all governments in regard to the central issues of policy, are analysed in the second—and most important—part of the pamphlet. Covering as it does factors of many kinds, this analysis cannot be briefly summarized. Suffice to say that it ranges from questions of the procedure, timing and organization of international action to the underlying economic and social causes of the long-term movement towards increased protectionism both in agricultural and industrial countries, from the influence of special phenomena, such as reparations and the United States tariff policy before 1934, to the influence of the growing sense of political insecurity in the thirties, from misdirection of efforts (as shown, for example, in the common failure to understand that commercial policy is, by and large, inseparable from economic policy as a whole and can be effectively "liberalized" only as part of a general solution of national economic problems) to the all-pervading effects of the world economic depression and the failure of governments to agree on joint action to overcome it.

The third and last part sets forth certain tentative conclusions drawn from the above analysis. The first obvious lesson from the early post-armistice period is that the chances of getting generally adopted commercial policies designed to promote rather than to restrict international relations as a whole may be jeopardized in the first few months of peace if governments fail to agree in advance upon some orderly process of de-control and some financially and economically sane system of reviving the economic life of countries impoverished by the war. No less essential is the establishment of a mechanism for the preservation of peace so adequate and sure as to create confidence despite antipathies and mistrust. Since the experience of the thirties, apprehensions resulting from economic insecurity have become at least as important as fear of a recurrence of war. If a revival and spread of autarchy is to be avoided, commercial policies must become part of the more general, constructive policies agreed among governments for the prevention or mitigation of economic depressions and assurance of economic stability.

The dependence of commercial policy on (1) an orderly transition from war to peace economy, (2) political security, and (3) economic security are perhaps the three major lessons to be drawn from the commercial history of the inter-war period; but three others are ranked as of almost equal importance. Experience has shown the absolute necessity of adapting commercial policies to the circumstances influencing national balances of payments. If creditor countries impede the import of goods with which their debts can be paid, if new obligations are created and no commodity provision made for their service, if debtor countries obstruct the export of goods with which they may meet the service of their debts, disequilibrium must be caused which will prevent the conclusion of long-term agreements and render the widespread adoption of high tariff rates or quantitative restrictions on imports inevitable. Again, to draw an arbitrary line between commercial policy and other measures necessary for economic adjustment, as was frequently done, especially in the twenties, is

almost certain to fail to produce useful results. Questions of commercial policy should be considered by international bodies in conjunction with the whole catena of post-war problems—relief and the manifold problems of reconstruction, as well as long-range questions, such as the needs of countries anxious to promote industrial development—that are likely to arise. Finally, it is suggested that “the pursuit of unco-ordinated recovery programs by great States is likely to involve a disruption of the whole mechanism of trade and economic relations in general”.

After consideration of possible derogations from the traditional application of the most-favoured-nation principle, a number of conclusions are set forth regarding procedure.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING DEC. 14, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, December 14, 1942, and for the week ending Monday, December 7, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Dec. 7	Nominal Quotations in Montreal Week ending Dec. 14	Official Bank Rate
Great Britain.	Pound	4.8666			
	Buying		\$4.4300	\$4.4300	2
	Selling		4.4700	4.4700	—
United States.	Dollar	1.0000			
	Buying		1.1000	1.1000	1
	Selling		1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
	Bid		4.4200	4.4200	—
	Offer		4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
	Official		.3304	.3304	3½
	Free		.2623	.2623	—
Brazil	Cruzeiro (Paper)	.1196			
	Official		.0673	.0673	—
	Free		.0572	.0572	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
	Official		.0574	.0574	3-4½
	Export		.0444	.0444	—
Colombia.	Peso	.9733	.6343	.6343	4
Venezuela	Bolivar	.1930			
	Official		.3313	.3313	—
	Free		.3330	.3330	—
Uruguay.	Peso	1.0342			
	Controlled		.7307	.7307	—
	Uncontrolled		.5853	.5853	—
South Africa.	Pound	4.8666			
	Bid		4.3862	4.3862	3
	Offer		4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
	Bid		4.5380	4.5380	—
	Offer		4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
	Bid		3.5300	3.5300	3
	Offer		3.5760	3.5760	—
New Zealand.	Pound	4.8666			
	Bid		3.5440	3.5440	1½
	Offer		3.5940	3.5940	—

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HOUSING IN SCOTLAND

G. B. JOHNSON, CANADIAN TRADE COMMISSIONER

I. Current Situation

Glasgow, November 25, 1942.—The housing situation in Scotland, which constituted a problem during the period between the last and the present World War, is now a matter of real concern to the authorities. It is also of direct interest to Canada, because the demand after the war for Canadian timber or prefabricated wooden houses, or probably both, will almost certainly be on a scale never before experienced.

From 1919 to 1939 the number of houses built, mostly by the housing departments of the town and county councils, passed the impressive figure of 300,000. But even in those twenty years the rate of new construction, although stimulated by government subsidies, was not fast enough to overtake within a reasonable time the serious shortage caused by the natural growth of the population, the demolition of slum areas, the thinning out of congested districts, and former neglect to plan and carry through a comprehensive housing policy. The cessation of building during more than three years of the present war has, of course, aggravated the problem. In addition the destruction and damage caused by enemy air raids has to be made good. In this connection the Minister of Health recently stated that one house in five in Great Britain has been destroyed or damaged by the enemy, exclusive of window breaking.

Whether such a high proportion of damage extends to Scotland is doubtful, but its extent is considerable and in some areas very great. The number of new

houses needed in Scotland, is, according to the Secretary of State for Scotland, little short of 400,000.

As stated previously, while the new construction from 1919 to 1939 was impressive, it failed to meet requirements. One reason is that the task was carried out mainly by the municipalities and, in contrast with similar operations in England, private enterprise played a minor role, its contribution having been about 31 per cent of the whole. In England during this period over 71 per cent of construction was carried out by private enterprise. That is accounted for, according to property-owners in Scotland, by the Scottish system of rating, under which local rates or taxes are paid by the owners, whereas in England they are paid by those who occupy the premises. The Scottish system, which is more complicated, is said to discourage private building. But if this is a reason for the failure of private enterprise to assume a larger share in providing working-class houses in Scotland, it is not the only one, nor necessarily the most important. Building costs are higher in Scotland than in England, while, generally speaking, rents are lower, and the activities of speculative builders are governed accordingly. Not only private enterprise but the municipalities also found themselves restricted in their operations by the continued shortage of bricklayers and plasterers, and this perhaps more than any other factor accounts for the total of over 300,000 houses constructed during those twenty years not being greatly increased.

CONSTRUCTION PLANS

To build the necessary 400,000 houses required within a reasonable period, the Secretary of State for Scotland has in mind an objective of 45,000 to 50,000 houses a year. As this figure is at least three times as great as the number built annually in the period between the Great Wars, the question arises as to how this objective is to be attained, since the shortage of skilled labour such as bricklayers and plasterers will presumably still obtain when hostilities have ceased. Obviously the whole question of training apprentices will have to be settled, and it is now being discussed with the building trade unions. In the past their attitude has been to restrict entry into the building trades because they feared that some years after their training was completed the apprentices would find themselves unemployed, or because the number of operatives would so increase that wages would be reduced. But in the opinion of the Secretary of State for Scotland the objective is so great and the period so long that these fears are groundless. In any case the provision of decent and comfortable living quarters for the whole people is too urgent to permit of any obstacle standing in the way.

The pre-war Housing Advisory Committee has been reconstituted on a wider basis, and the membership, under the chairmanship of the Parliamentary Under-Secretary of State for Scotland, now includes representatives of the local authorities, the building industry, building societies, and organized labour. Three questions have been proposed for consideration: housing design, the furnishing of municipal houses, and whether houses are to be provided on a regional rather than on the limited local basis. In this last connection the Secretary of State is giving consideration to the future location of industry and to the distances between workers' homes and their places of employment. These are important questions, but the great problems are those of obtaining sufficient labour, enough materials, and the necessary sites. Experts are examining the new advances in the use of steel, concrete, plastics, and timber for building purposes.

Seven women drawn from all walks of life are now members of the Scottish Housing Advisory Committee. Four are working women who are serving on the Housing Design Sub-committee. It is considered that this is peculiarly a

woman's province, as the practical housewife can so ably supplement the ideas of the architect. The majority of Scots people still live in houses designed in the nineteenth century, when domestic labour was cheap for those who could afford it. After the war the drudgery of housework will be minimized in the new homes, which will be built on labour-saving principles.

Of the 400,000 houses needed in the whole of Scotland, about half are in the Clyde Valley and over 90,000 in Glasgow. Building on the present lines, an additional 5,000 acres will have to be found for the necessary development in Glasgow. Accordingly citizens will have to be housed still farther away from their work, as the ground required could not be found within the present city boundaries. To supplement the program contemplated by the Glasgow Corporation for new suburbs on what is now vacant or farm land, the Progressive Party of the Town Council proposes that the Corporation embark on a boldly planned scheme for redevelopment immediately after the war of suitable central areas within the city. They propose that large areas of derelict, condemned, and out-of-date houses be cleared away, and on these sites there be erected carefully designed, well equipped modern flats. These flats would be nine stories in height, with elevators, central heating, hot-water supply, modern kitchen equipment, communal wash-houses, laundry and drying chambers, etc. The buildings would not occupy more than one-fifth of the site, and provision would be made for playgrounds, a day nursery and a community centre for social purposes. The housing flats would be of three and four rooms, with kitchenette, bathroom, etc., and on the ground floor there would be a number of two-room flats for aged couples. Thus the workingman and his family still living in central areas would have not only comfortable and modern living quarters, but his home would be in a setting of lawns, shrubs and flowers.

USE OF CANADIAN TIMBER

When this extensive construction program is launched after the war, the demand for imported timber will be correspondingly great. The Canadian lumber of principal interest in connection with Scottish municipal housing schemes is British Columbia Douglas fir, which is used both for interior trim and for rough joinery or carcassing. Eastern Canadian spruce for house carcassing has been used to a limited extent and only during the years immediately prior to the war. It was used extensively in the construction of the buildings of the Empire Exhibition at Glasgow in 1938, when about 95 per cent of the timber used was Canadian. The reasons given for the poor demand for spruce for housing is poor sawing and the lack of lengths beyond 16 feet. Irregular sawing and waney edges were formerly a serious cause of complaint, but since about 1934 there has been an improvement in this respect. There is no reason why this timber should not be used for housing in Scotland to an increasing extent so long as the improvement continues, prices are competitive, and shippers supply the lengths specified by buyers. It should be excellent for flooring in the projected municipal houses. Until spruce was used to a limited extent for house building, its only outlet in the Scottish market was for the manufacture of box shooks, of which large quantities were used, particularly by the whisky trade for export boxes, until the requirements were partially met by box shooks made in Sweden. Eastern spruce would be in a much stronger position for house building if longer lengths were more easily available. Lengths up to 16 feet have their uses, but the principal dimensions for housing timbers in Scotland are 17 feet by 5 inches by 2 inches.

For interior trim, clear Douglas fir is recognized as the most suitable and economical wood available for the purpose, and it is specified in practically all municipal housing contracts. Supplies in Scotland in normal times are adequate for requirements, and prices are in line with possible competing woods.

On the other hand the situation (also in normal times) with regard to the use of merchantable Douglas fir affords scope for improvement. As a result of

persistent urging over a long period of years, officials of many of the city and county councils, after satisfying themselves as to the suitability of the wood, have included merchantable Douglas fir for carcassing in their specifications when awarding contracts, but usually only as an alternative to Baltic whitewood. Price and the immediate availability of supplies are the determining factors. Authorities in Glasgow are willing to wait for two or three months for shipments to come forward from British Columbia after a contract for a housing scheme is let, in case timber merchants have no supplies or inadequate stocks in their yards, but no longer. Baltic whitewood is always available at all points, and the municipal authorities, favourable as they are to the use of the Canadian wood, cannot be expected to pay a higher price for it or to hold up their schemes awaiting delivery. On the other hand, timber merchants, at least those in out-of-the-way places, have always been reluctant to stock merchantable Douglas fir. Baltic whitewood is the accepted material for rough joinery in this country; all builders use it, and timber merchants carry large stocks and can supply required dimensions on the shortest notice. Douglas fir, on the other hand, is only called for by public institutions influenced by the desire to use Empire materials. It is at best, in the opinion of the private builder, merely just as good as Baltic wood, often a little dearer and hard to obtain. In order to cater for the demand of the municipalities, timber merchants would need to carry duplicate stocks—whitewood for the private and Douglas fir for the public builder—and yet could expect no increase in sales to compensate for additional overhead expense. These points are important to the Canadian shipper, who might endeavour to compensate for these handicaps by giving the best and most prompt service possible. Furthermore it is the responsibility of the industry itself to try to prevent the rapid and heavy fluctuations in sea-board prices which are often in striking contrast with the smaller and more gradual changes in prices of Baltic wood.

ALL-WOOD HOUSES

A development which had passed the experimental stage and was making good progress before the war is the construction of wooden houses. This movement was stimulated by the shortage of materials and skilled labour employed in the construction of dwellings made of stone, artificial stone, concrete, and brick. In addition, on account of their light weight, timber houses can be built in areas where there is danger of soil subsidence because of the collapse of old coal workings underneath. One of the earliest experiments was conducted by the Ayrshire County Council, who completed in 1937 two timber houses built entirely of British Columbia wood that have proven most satisfactory. Another early experiment was the construction by the Swedish Government, free of charge, for the Glasgow Corporation of two houses of prefabricated Swedish timber. These houses are well built and in every respect appear to be equal to those built in Ayrshire, except that the Western Red cedar siding used as weather-boarding in the latter presents a more attractive appearance than the plain vertical weather-boarding used on the Swedish houses.

Several comparatively large all-timber housing schemes were in progress or in prospect immediately prior to the war, and one of them had been completed. This scheme comprised 500 houses on the outskirts of Dundee, in which British Columbia red cedar was used throughout. This contract was extended after the completion of the first 500 to an additional 540 houses, and construction of these was under way when the timber still unused was converted to wartime use.

Red cedar would seem to have an assured place for all-timber houses because of its attractive appearance, ease of working and resistance to decay.

Still another development is the interest now being shown by the Department of Health for Scotland in the erection of large numbers of wooden houses prefabricated in Canada.

ECONOMIC CONDITIONS IN NEWFOUNDLAND

R. P. BOWER, ACTING TRADE COMMISSIONER

Saint John's, November 27, 1942.—In order to appreciate the economic position of Newfoundland it is necessary to have some idea of the conditions that prevailed in the country before the war. The depression of the past decade struck Newfoundland with particular violence; its onset found the country with little or no powers of resistance. The people were impoverished; no less than 25 per cent of the entire population was in receipt of public relief prior to the opening of the fishing season, while many of those not on relief were at the barest level of subsistence.

From the end of the war of 1914-18 to the beginning of the 1929 depression period, the country had been living beyond its means, revenue falling approximately \$2,000,000 per annum below expenditure. When the depression set in, the annual deficits were even larger, amounting in 1934 to more than \$4,000,000. Of the total revenue of the country in 1934, 65 per cent was required to service the national debt. In fact the indebtedness of the country was so out of proportion to its revenue that it is doubtful if it could have paid its way even under normal trade conditions.

GOVERNMENT BY COMMISSION ESTABLISHED

On February 17, 1933, a Royal Warrant was issued appointing a Commission to investigate the affairs of the Island and to make recommendations as to its future administration. In the report of the Commission, issued on October 4 of the same year, it was recommended that for a period of years the affairs of the country be administered by a "Government by Commission". The recommendations were adopted, and in 1934 the existing Legislature and Executive Council were suspended and were replaced by a form of government under which full legislative and executive power was vested in the Governor acting on the advice of a specially created Commission over which he presided. Of the six Commissioners, three were to be chosen from Newfoundland and three from the United Kingdom. The system of government introduced at that time is still functioning.

Deficits on government account continued to be encountered for some time and were met by annual grants-in-aid from the United Kingdom Exchequer. In fact it was not until the fiscal year ended June 30, 1941, that revenues equalled expenditures. The results achieved at that time, and repeated in the fiscal year 1941-42, were due not to any fundamental improvement in the economic structure of the Island but to the fact that the United States and Canadian Governments were engaged in establishing extensive defence bases in the country.

CONDITIONS IMPROVED

To the expenditures on these undertakings, particularly the wages paid to those engaged on the work, may be attributed the marked improvement in the country's finances. The improved buying power of the mass of the people now enabled them to purchase commodities that poverty had denied them for years. Since 90 per cent of the goods consumed within the country must be imported, and since virtually everything is subject to a customs duty upon importation, there was a heavy and rapid increase in customs revenue, which for the fiscal year ended June 30, 1942, was over \$4,000,000 in excess of estimates.

There was no unemployment, and a wave of unprecedented prosperity swept the country. Trade was brisk in all lines, and payments were prompt. While imports during this period were much greater than previously, they could not be considered excessive. The country had been "under-purchasing"

for decades, and the great volume of imports that now came forward was only making up for these lean years. Buildings, machinery and virtually all essentials were in a run-down condition and had to be renewed. These heavy imports from abroad did not reflect luxury spending on the part of the citizens of Newfoundland. An editorial in the Saint John's *Daily News* summarized the position as follows:—

The conclusion that the present standard of living is luxurious is not justified by the facts. The per capita national income is even now barely half that of Canada in peace time, and the truth is that a very substantial majority of the producing and labouring classes in Newfoundland is now enjoying a decent standard of living for the first time in fifteen years. Moreover, the purchasing value of the dollar is extremely low in comparison with either Canada or the United States. . . .

REVENUE AND PRICES

Customs revenues have continued buoyant in the current fiscal year, although in the month of October there was a slight decline as compared with the same month of the preceding year. The period of peak employment, however, has been passed and, with defence work tapering off, it is only to be expected that the steadily rising curve of imports will begin to flatten out. Any decline in employment must produce a falling off in the demand for goods and a corresponding reduction in the physical volume of dutiable imports.

Another factor adversely affecting customs revenue is the difficulty of obtaining many commodities from overseas. This difficulty, in addition to a shipping problem, has produced a shortage of many items. The combination of high purchasing power and scarcity of goods has, in the absence of any serious attempt to control prices, resulted in heavy inflation. Prices in many instances have soared to overly high levels; eggs have retailed at \$1.60 a dozen, tomatoes at 70 cents a pound, cabbage at 20 cents a pound, and prices of other lines have been in proportion. The measures summarized in a report on price control in Newfoundland published on page 579 of this issue of the *Commercial Intelligence Journal* may have some effect upon the extremely high prices that have recently prevailed. On the other hand, there are very definite limits to the reductions that can be made. Ninety per cent of all requirements must be imported, and prices in supplying countries have increased in practically all cases. The effect such increases have upon final retail prices in Newfoundland is illustrated in the hypothetical case of an article which had a pre-war cost in Canada or the United States of one dollar and which now costs two dollars in the country of origin. In Newfoundland it is necessary to pay not only the additional dollar but the duty on that dollar plus the increased freight rate on the article plus the profit assessed on these increased costs. If the pre-war duty was 40 per cent ad valorem and the freight ten cents, the corresponding costs to-day are 47½ per cent duty (the increase representing a 7½ per cent surtax introduced as a war measure and applying to most items in the customs tariff) and, with insurance added, the increased freight rate is approximately 25 cents. The pre-war landed cost of \$1.50 has therefore now become \$3.20. Assuming a 20 per cent profit on local merchandising, the consumer cost has risen from \$1.80 to \$3.84. On the basis of the same profit margins in Canada, the consumer costs on this article would have risen from \$1.20 to \$2.40. As virtually everything entering the country is subject to a customs duty, and as the majority of such duties are on an ad valorem basis, increased consumer costs are general and invariably high.

The general level of business and the present welfare of the populace as a whole is seen to depend largely on the continuation of the present rate of employment, which in turn depends upon a continuation of defence expenditures on the same scale as formerly by the Canadian and United States Governments. While there has been no pronounced slackening in these enterprises as yet, the

work is certain to fall off from now on, and as it falls off the problems facing the administration will be multiplied. The provision of relief for unemployed at current prices in Newfoundland would be a costly undertaking, while it could hardly be expected that the fisheries industry would absorb men released from defence undertakings, partly because fishing gear has been allowed to deteriorate during the past two years and partly because it would be difficult to find shipping space to dispose of any additional quantities of fish that might be taken. A national registration scheme has been organized and, with the information collected at a result of this work, it is hoped that the best possible use can be made of any surplus manpower that becomes available.

CANADIAN PRODUCTS IN DEMAND

The high level of employment and the rates of wages paid have raised the purchasing power of the island to a higher point than has ever before been attained. As virtually all other supplying countries have been cut off by the war, Canada and the United States are receiving inquiries from Newfoundland in unprecedented volume. The range of goods in demand is complete and, except for spirituous liquors, no planned rationing systems have been established.

Taxes, which are almost entirely indirect, have not been greatly increased, while the only government loan issued this year was one for \$1,500,000 to refund an earlier issue of this amount. As a result, Canadian exporters should have little difficulty in establishing their products in Newfoundland at present if the various Canadian controls on production and export can be overcome and provided shipping space can be obtained. Any decline in employment in Newfoundland, however, will be almost immediately reflected in a falling-off in the demand for imported goods. Indications are that there will be such a reduction during 1943.

PRICE CONTROL IN NEWFOUNDLAND

R. P. BOWER, ACTING TRADE COMMISSIONER

St. John's, November 21, 1942.—On December 29, 1941, under the provisions of the Emergency Powers (Defence) Act, 1940, the Newfoundland Commission of Government introduced the Defence (Prices of Goods) Regulations. These regulations empower the Commissioner for Public Health and Welfare to fix the maximum prices to be charged for specified commodities in the course of a business of any specified class and provide penalties for evasion or contravention. They also provide that control of prices can be effected by regulating the amount of mark-up imposed by the various intermediaries in the distribution chain. In a country as dependent upon imports for all essentials as Newfoundland, a blanket price ceiling of the kind operating in Canada is not feasible. Approximately 90 per cent of the Island's requirements come from abroad, so that any scheme aimed at overcoming increases in the prices of imported lines by subsidy payments would be financially impossible. It is therefore clear that any control will have to take into account the cost of production of locally manufactured goods and the landed cost of imported goods and will have to establish maximum prices on the basis of these costs. The maximum prices for each phase in the distribution scheme can either be set as a definite amount in dollars and cents or as a percentage increase on actual cost to each type of trade.

DEPUTY FOOD CONTROLLER APPOINTED

Although these regulations have been in force since December 2, 1941, it was only recently decided to establish a comprehensive list of maximum prices. To determine these prices and secure enforcement, a Deputy Food Controller was

appointed on November 3. According to recent press notices published by the Commissioner for Public Health and Welfare, the retail price of eggs should not exceed \$1.05 per dozen and maximum prices have been established for certain brands of oleomargarine. Until these prices were set, prices for these products varied widely. In St. John's, for example, a certain brand of oleomargarine could be bought for 35 cents per pound in one store, while in another the price was 42 cents. The price of imported eggs ranged from \$1.25 to \$1.60 per dozen. In many cases, the retail selling price bears little relation to cost price and is determined largely by the scarcity of the commodity involved. In the case of an item of office equipment, where cost figures were recently examined, it was found that the landed cost amounted to \$1.82; retail selling prices ranged from \$2.75 to \$5.50, depending on the stock position of the various merchants, those with ample supplies charging the lower figure and those with small stocks the higher.

The cost of living under such circumstances has risen at a much greater rate than the higher landed costs of imports would justify. It is in an effort to control the cost of food and ensure its equitable distribution that the recent appointment of a Deputy Food Controller was made. If the program meets with success, its scope is likely to be extended to include control over other items entering into the cost of living.

CONDITIONS IN BRITISH GUIANA

G. A. NEWMAN, CANADIAN TRADE COMMISSIONER

Port of Spain, December 9, 1942.—The closing months of 1942 find British Guiana in a strong financial position. Revenues are expected to meet the year's expenditures, and a surplus of \$2,444,000 from 1941 remains unspent; government currency notes in circulation have risen from \$767,000 on December 31, 1939, to \$3,336,000 in November, 1942, reflecting in part the moneys spent on United States base construction and the expansion of bauxite mining.

An unexpectedly light expenditure for food subsidies, initiated in June and July, and the lack of materials and staff for carrying out contemplated public works have kept government expenditures at a low level.

A noteworthy financial transaction during the year was the establishment of a credit of \$1,000,000 under government guarantee in local banks to finance the bulk purchase of essential commodities imported on government account for sale and distribution in the Colony.

LOCAL PRODUCTION

While no final figures were given, it was officially stated that enough cane had been grown this year to produce a record output of sugar but, on account of labour shortage, it was doubtful whether the crop would be harvested. The autumn rice crop acreage was lower than in 1941, but it was hoped that on account of extensive plantings for the spring crop, sufficient rice would be milled by early 1943 to supply approximately 75 per cent of the requirements of the neighbouring British colonies.

Difficulties of interior transportation handicapped the lumber mills during the year, with the result that domestic demand exceeded supply. Exports were also on a reduced scale.

Aside from a shortage of meat during the months of July, August, and September, when cattle from the interior savannahs, where foot and mouth disease was prevalent, could not be brought to Georgetown, the Colony suffered no serious deficiency in local supplies. Prices for ground vegetables and milk,

however, tended to rise during these months, in which a shortage of imported food supplies also occurred. Rice, of course, was available at all times.

EXPORTS

With good autumn harvests in 1941 for both sugar and rice, agricultural exports in 1942 compare favourably with those of the previous year.

Following are the exports of agricultural and forestry products for the period January 1 to September 30, 1942:—

Exports from British Guiana

	Jan.-Sept., 1942		Jan.-Sept., 1941	
	Quantity Tons	B.W.I. Dollars	Quantity Tons	B.W.I. Dollars
Sugar	105,654	5,721,634	108,862	5,820,119
Rice	16,720	1,304,057	6,866	455,659
	Pr. Gals.		Pr. Gals.	
Rum	710,307	402,409	1,014,048	567,946
	Gals.		Gals.	
Molasses	3,096,525	213,692	3,962,056	208,890
	Lbs.		Lbs.	
Balata	451,195	248,245	408,205	191,958
	Cu. Ft.		Cu. Ft.	
Timber, hewn	50,196	34,840	165,964	99,087
Timber, sawn	62,633	67,208	71,938	69,489
	Bags		Bags	
Charcoal	29,820	35,674	49,916	45,567

IMPORTS

Imports during the period January 1 to September 30, 1942, were valued at \$12,187,667 as compared with \$12,478,488 for the same period of 1941. Quantities and values of those imports of interest to Canadian shippers were as follows:—

Imports into British Guiana

	Jan.-Sept., 1942		Jan.-Sept., 1941	
	Quantity	B.W.I. Dollars	Quantity	B.W.I. Dollars
Apparel . . . . .	.....	128,172	.....	255,760
	Bbls.		Bbls.	
Beef	2,514	97,804	4,515	124,966
Pickled mackerel	1,185	22,312	5,197	56,823
Pork	4,595	140,371	4,336	92,923
	Doz. Pr.		Doz. Pr.	
Boots and shoes, leather	7,653	164,872	6,970	151,382
	Lbs.		Lbs.	
Butter	608,124	217,934	405,667	137,525
Cheese	161,841	58,155	225,993	50,439
Canned fish	668,329	96,680	561,874	107,806
Lard	188,118	33,293	436,561	46,934
Condensed milk	874,050	147,556	954,588	130,372
Oats	993,280	29,600	1,341,314	29,535
Onions	621,755	42,355	1,423,190	84,225
Split peas	534,640	31,266	1,624,709	62,220
Potatoes	1,401,439	46,952	4,489,532	116,811
Leaf tobacco:				
25-30 per cent moisture	124,259	23,883	118,708	26,246
Under 25 p.c. moisture	151,430	44,029	230,025	60,173
	Lin. Yds.		Lin. Yds.	
Cotton piece-goods	5,205,493	960,390	5,903,845	715,934
Artificial silk piece-goods	1,187,219	296,788	932,615	221,215
	Cwts.		Cwts.	
Dry cod and scale fish	7,034	116,962	17,590	198,857
	196-Lb. Bags		196-Lb. Bags	
Flour	113,974	731,029	137,642	714,149
	Gals.		Gals.	
Beer	37,955	57,740	52,060	59,577
Medicines and drugs . . . . .	.....	149,381	.....	154,799

While stocks of flour were low during the months July to September, there was an ample supply on hand towards the end of November. The brief ban on potato imports as from September 15 was lifted on October 30, as it was considered that the importation of fresh vegetables in good condition gave greater stability to the local vegetable market.

CONTROL OF COMMODITIES

Control of commodities in British Guiana has developed in four directions: the government control of wholesale and retail prices, the subsidizing of certain essential imported commodities, the control of distribution of flour, and the bulk purchase on government account of certain imported products other than foodstuffs.

In establishing set wholesale and retail prices, which are revised from time to time, the British Guiana authorities are merely following the practice of the other British West Indian colonies, but they are somewhat in advance of the other colonies in the subsidizing of essential imports.

Since June-July, the items subsidized are flour, cornmeal, condensed milk, kerosene, Diesel oil and gas oil. The amount of subsidy paid from July to September (\$21,186) was small by reason of abnormally low imports; it is expected that future subsidy payments will be much higher. On flour alone it is estimated that at present prices the cost to the Government will be approximately \$400,000 per annum.

In controlling the distribution of flour, mainly to prevent black marketing, the British Guiana authorities have adopted a system of their own. There is no restriction on the purchase of flour through commercial channels beyond a maximum price being fixed at which flour can be purchased and the insistence by the Controller of Supplies that all import permit applications must cover firm orders from established importers. No importer, however, after receiving the flour into his warehouse is allowed to distribute it except on a warehouse order from the Controller of Supplies.

Under this arrangement some 1,800 government institutions, shop-keepers and bakers purchase flour for cash from the Controller, who issues to each purchaser a warehouse order on a designated wholesaler, each wholesaler in his turn receiving his share of orders. At specified periods the wholesaler returns his warehouse receipts to the Controller for settlement. The system is reported to be proving successful, and it is likely that other essential products will be dealt with in a similar manner.

Bulk purchase by the Government on behalf of importers was undertaken in 1941, when semi-manufactured iron and steel articles were thus ordered. To date bulk purchasing has been extended to include manufactured iron and steel articles, non-ferrous metals, mechanics' tools, dry-cell batteries, necessities for the fishing industry, and essential drugs and chemicals.

GENERAL WELFARE

While it was not possible for the British Guiana Government to undertake any large improvement schemes in the Colony, there were a number of appointments of specialist officers and grants were made for the extension of services under the approval of the Comptroller for Development and Welfare in the British West Indies with a view to bettering conditions in the agricultural, medical, and educational fields, so that there has been evidence of a definite undertone of progress.

AUSTRALIAN WHEAT AND FLOUR

Mr. Frederick Palmer, Canadian Trade Commissioner in Melbourne, cabled under date December 16, 1942, regarding the Australian wheat and flour situation as follows:—

The estimated production of wheat in Australia in 1942-43 is 14,600,000 bushels. There is no change in the official wheat quotations or flour prices. Harvesting conditions are generally favourable.

AUSTRALIAN PRODUCTION OF DRIED FRUITS

FREDERICK PALMER, CANADIAN TRADE COMMISSIONER

Melbourne, November 4, 1942.—At the annual meeting of the Federal Council of the Australian Dried Fruits Association held recently at Mildura, Victoria, it was announced that the 1942 crop of dried fruits was the second largest on record. Production amounts to 97,319 tons, including 61,951 tons of sultanas as compared with the record crop in 1938 of 62,625 tons; currants, 21,030 tons, an improvement on the figure for the previous year; and lexias, 8,719 tons as compared with a 1941 record of 10,700 tons. The crop of apricots was average, the tonnage being slightly less than that for 1941. Production of peaches and nectarines was below average. The pear crop was good, but the amount dried was restricted by the operations of the Apple and Pear Marketing Board. Prunes showed an increase of 1,000 tons from the figure for the previous year, being a record production after a series of three light crops.

At one stage, in view of the labour shortage, fears were entertained as to the possibility of successfully harvesting the fruit crop. The usual supply of casual workers, who included grape-picking in their yearly activities, was almost entirely lacking, since they had been absorbed by the military and munitions services. In addition the progressive call-up of men from the local producing areas left the industry without some of its experienced hands who usually manned the drying greens and packing houses. The appeal made for outside assistance was responded to by both male and female workers from distant parts of the state. Many of the local townspeople also left their ordinary work, and others gave up their week-ends to assist with the harvest.

Favoured by suitable weather conditions, 90 per cent of the crop was gathered before the break of the season in mid-April in South Australia and late April in Victoria, when continued wet conditions put an end to natural drying, and dehydration had to be resorted to. The improved dehydrators built during the past few years proved efficient in successfully drying several thousand tons of fruit which would otherwise have been lost.

DISPOSITION OF SUPPLIES

The Commonwealth Dried Fruits Control Board, in conjunction with the Department of Commerce, again were successful in disposing of and arranging for the shipment of a large portion of the crop overseas, payment for which, having been arranged on an f.o.b. basis, brought earlier returns to the industry. In the Commonwealth marketing there was an important change in accordance with which the Prices Commissioner announced prices, terms and conditions of trading applicable to the whole industry. In both overseas and home markets an increase in prices was obtained to cover certain agreed increased costs of production.

When making the contracts for overseas, an arrangement was made for the retention of what was considered a reasonable supply for home requirements. The

average consumption in Australia for the past three years was 16,750 tons. Provision was made for this quantity and an additional 5,000 tons were reserved for the requirements of the fighting services. Besides the 5,000 tons of vine fruits, the services requisitioned the total output of tree fruits, and the only amount made available for civilian requirements was a small quantity of prunes released in the interest of child welfare.

PROSPECTS FOR 1943

The Australian dried fruits industry has been asked to set a production figure of 100,000 tons of dried vine and tree fruits for 1943. Apart from natural hazards, the industry will be confronted with problems arising from insufficient labour both during the planting period and later during harvesting and packing, unless steps are taken by the manpower authorities to ensure an adequate supply of labour for the fruit-growing areas. Fertilizers will also be in short supply but, in view of the Australian Food Council being interested in fulfilling its plans for maximum production of foodstuffs, growers of fruit in the dried fruit areas should be able, through their District Agricultural Committees established for the purpose, to obtain all the help and supplies necessary or available to achieve their production goal.

Timber for the manufacture of packing boxes, drying trays and sweat boxes was difficult to obtain during the 1942 season, and prices advanced considerably; moreover, there was a falling-off in quality. It is reported that suppliers of boxes, who have been called upon to cope with the greatly increased demand following cessation of timber imports, are improving the quality of their products.

A scheme whereby the Dried Fruits Association covered the war damage risk on dried fruit handled by all agents and packers anywhere in Australia was ably worked out and administered by the Association during the season, greatly simplifying the problem for growers, packers and agents.

FOREIGN TRADE OF INDIA, APRIL-JUNE

PAUL SYKES, CANADIAN TRADE COMMISSIONER

(One rupee is approximately equal to \$0.335 Canadian)

Bombay, October 10, 1942.—India's foreign trade during the first quarter of the fiscal year 1942-43 shows numerous important changes from that of the corresponding quarter of 1941-42. Import values declined to less than half the figure recorded for April-June, 1941, while exports show a slight increase. There has been a decided trend towards a heavily favourable trade balance.

Details of import and export values for April-June, 1941, and 1942, are as follows:—

Statistical Summary of India's Trade

	April-June 1941 Rs.	April-June 1942 Rs.
Imports	523,635,094	261,415,235
Exports	409,795,403	438,670,853
Total trade	933,430,497	700,086,138
Balance of trade	-113,839,691	+177,255,568

TRADE BY COUNTRIES

The decline in value of import trade of some 50 per cent as between 1941 and 1942 is reflected in the case of practically every one of India's customary sources of supply. The value of imports from the United States fell off by

some Rs.30,000,000 and that for the United Kingdom by Rs.25,000,000, while decreases of less importance were recorded for Ceylon, the Anglo-Egyptian Sudan, Kenya, and Egypt. The only noteworthy increases were in imports from Iran, Canada, and South Africa.

Import values for principal countries of origin are as follows:—

India's Imports by Principal Countries

	Apr.-June 1941 Rs. 1,000	Apr.-June 1942 Rs. 1,000
United Kingdom	91,568	76,162
United States	101,274	70,059
Iran	13,336	32,850
Canada	14,618	20,501
Kenya	19,211	11,851
Burma	95,796	8,179
Bahrein	10,230	5,358
Ceylon	4,466	5,077
Australia	16,780	4,534
South Africa	2,036	4,118

Export values show a substantial increase in the trade to British countries and some decline for other markets. There were noteworthy increases in the value of shipments to Ceylon, Nigeria, South Africa, Canada, Australia, Iraq, Iran, and Egypt, which tended to balance decreases in value for Burma, the Straits Settlements, China, Japan, and the United States.

The following table shows values of exports to principal destinations for the respective quarters of 1941 and 1942.

India's Exports by Principal Countries

	Apr.-June 1941 Rs. 1,000	Apr.-June 1942 Rs. 1,000
United Kingdom	111,494	116,646
United States	101,591	64,243
Australia	13,314	39,512
Ceylon	17,694	25,225
South Africa	9,997	22,163
Egypt	4,205	18,720
Iraq	1,643	17,125
Palestine	791	12,465
Canada	5,501	11,765
Iran	1,786	10,752

TRADE BY COMMODITIES

Condensed statistics of India's trade by commodities indicate that with few exceptions items of import show a universal and substantial decline in values. Among the more important commodity groups increased values are shown for mineral oils, cigarettes, and precious stones, but every other group shows a substantial decline, notably rice, raw cotton, dyes, cotton yarns, and artificial silk goods.

On the export side the most striking improvement in values has been in cotton piece-goods, tea, sugar, and linseed. Decreased values are particularly noted for raw cotton and jute gunny cloth.

CANADIAN-INDIAN TRADE

The foregoing figures of India's imports from and exports to Canada show substantial increases in the value of trade between the two countries. This is accounted for to a large extent by the exchange of war materials and goods for their manufacture. Canada's greatly improved position as a supplier of India's import requirements is of particular interest.

TRADING WITH THE ENEMY

CANADIAN LIST OF SPECIFIED PERSONS

Inquiries received from time to time by the Department of Trade and Commerce indicate that Canadian exporters still do not understand clearly the composition and object of the Canadian List of Specified Persons established under the authority of the Consolidated Regulations Respecting Trading with the Enemy (1939).

The List of Specified Persons is a published list of firms and persons in neutral countries with whom intercourse or transactions of a commercial, financial, or any other nature without official permission constitutes the offence of trading with the enemy.

The List forms an integral part of the machinery designed to prevent enemy countries from obtaining any economic or financial assistance from British Empire or neutral countries. It consists principally of concerns controlled directly or indirectly from enemy territory (including enemy-occupied territory and certain other territories proscribed under the Trading with the Enemy Regulations), and of firms or individuals who have persistently evaded, or tried to evade, the contraband or enemy export controls. Persons controlled from enemy territory are enemies within the meaning of the Trading with the Enemy Regulations, whether or not they are included in the List of Specified Persons.

Additions to the List are made only after careful investigation in order that unnecessary damage to neutral or British Empire interests may be prevented. The Custodian of Enemy Property, Department of the Secretary of State, Ottawa, is always willing to consider representations from importers and exporters and other interested parties and to reply to inquiries on questions, such as the completion of unfinished transactions with persons placed on the List of Specified Persons. The Office of the Custodian is also prepared to advise, in cases where doubt is felt as to the legality or desirability, from the point of view of trading with the enemy, of dealings with persons not on the List of Specified Persons.

Enemy subjects who are not in enemy territory are not necessarily enemies within the meaning of the Trading with the Enemy Regulations, and it is not intended to specify persons in neutral countries as enemies merely because they are enemy subjects. Many subjects of enemy countries carry on business in neutral countries without assisting these countries, and in some cases are of assistance in the promotion of Canadian trade.

Nevertheless, enemy subjects, wherever they may be carrying on business, should be regarded with suspicion, and Canadian traders who employ enemy subjects as agents in neutral countries would be well advised to consider displacing them either by British agents or by nationals of the country concerned. Firms who experience difficulty in obtaining suitable alternative agents should consult the Department of Trade and Commerce, Ottawa, or the appropriate Canadian Government Trade Commissioners.

Copies of the Consolidated List of Specified Persons are obtainable from the Distribution Branch, Government Printing Bureau, Ottawa. The price is 25 cents each for single copies, with a reduction for purchases of 100 copies or more. The list contains the names of more than 9,000 persons, principally in Europe, Latin America, Japan and China. It is subject to revision from time to time, and additions, amendments and deletions which are found necessary are published in the *Canada Gazette*. Canadian firms that have extensive dealings with persons in neutral countries are strongly advised to obtain copies of the consolidated list and at the same time to arrange to receive revisions as published.

CONTROL OF EXPORTS FROM CANADA

ADDITION TO LIST OF PRODUCTS AFFECTED

By Order in Council P.C. 11332, effective December 15, 1942, the exportation from Canada is prohibited, except under permit issued by the Export Permit Branch, Department of Trade and Commerce, of poultry (Group 2; Animals and Animal Products), including chickens, turkeys, ducks, geese and other domestic fowl, either live weight or dead, whether dressed or not.

Persons wishing to export purebred stock for breeding or show purposes should, in making application for an export permit, state clearly in the application that the birds are being shipped from Canada for that purpose.

IMPORTS INTO THE UNITED STATES OF PRODUCTS UNDER THE QUOTA PROVISIONS OF THE TRADE AGREEMENT

The following table, prepared by the Canadian Trade Commissioner's office in New York from preliminary figures issued by the Treasury Department at Washington, D.C., shows the standings of the quotas provided for under the Canada-United States Trade Agreement (signed November 17, 1938) up to November 28, 1942.

	Unit	Total Quota	Reduction in Duty from 1930 Tariff Act	Used by Canada to November 28, 1942 Quantity Per Cent
Cattle (700 lb. or more)	Head	225,000	3 to 1½c. per lb.	116,540 51.7
Cattle (less than 200 lb.)	Head	100,000	2½ to 1½c. per lb.	66,164 66.1
Whole milk	Gal.	3,000,000	6½ to 3¼c. per gal.	5,342 0.17
Cream	Gal.	1,000,000	56½ to 28¼c. per gal.	804
Filletted fish, fresh or frozen: cod, haddock, hake, pollock, cusk and rosefish	Lb.	17,174,495	2½ to 1½c. per lb.	15,295,761 89.6
Seed potatoes	Bu.	1,500,000 beginning Sept. 15, 1942	75 to 37½c. per 100 lb.	319,680 21.3
White or Irish potatoes, other than seed potatoes	Bu.	1,000,000 beginning Sept. 15, 1942	75 to 60c. per 100 lb. Dec. 1 to end of Feb.; 37½c. Mar. 1 to Nov. 30	3,833 0.3
Red cedar shingles	Sq.	2,617,111	Free	2,530,684 96.6
Silver or black foxes, furs and articles:				
*Foxes valued under \$250 each and whole furs and skins	No.	100,000 beginning Dec. 1, 1941	50 to 35% ad val.	41,130† 41.1
Tails	Piece	5,000	50 to 35% ad val.	5,000 Quota filled

* The duty on live foxes of 15 per cent ad valorem, the rate under the Tariff Act of 1930, is not affected by the agreement.

† The imports from Canada of 41,130 foxes valued under \$250 each and whole furs and skins are for the period December 1, 1941, to April 30, 1942. Imports from countries other than Canada for this period totalled 23,608. For the period May 1 to November 30, 1942, the United States set the quota allotment at 41,774 for all countries, and for the period April 30 to November 28 imports totalled 21,017. However, there is no indication in the statement by the Treasury Department as to what proportion of these imports were supplied by Canada.

During the fourth quarter of 1942 Canada shipped 46 head of cattle weighing 700 pounds or more, other than dairy cattle, to the United States out of a quarterly allotment of 51,720 head provided by the agreement. The fourth quarterly allotment of 6,214 head from countries other than Canada was filled, and receipts over and above this amount were subject to the full rate of tariff.

TARIFF CHANGES AND TRADE REGULATIONS

New Zealand

FURTHER DEFERMENT OF INCREASED DUTIES ON NAILS, TACKS, AND WHITE LEAD

Deferred changes of rates of duty under three items of the New Zealand customs tariff that were to have become effective on November 1, 1942, have been further postponed until November 1, 1943. The items affected are:—

Item 360.—Nails or tacks exceeding 1 inch in length made from iron wire, whether plain, galvanized, or cement-coated, not elsewhere included in the tariff. Present rates, £2 per ton (2,240 pounds) under the British preferential tariff, £4 per ton under the general tariff; rates deferred to November 1, 1943, free of duty under the British preferential tariff, £4 per ton under the general tariff.

Item 361.—Nails, lead-headed, and galvanized cup-headed roofing nails. Present rates, 20 per cent ad valorem under the British preferential tariff, 40 per cent ad valorem under the general tariff; rates deferred to November 1, 1943, free of duty under the British preferential tariff, 40 per cent ad valorem under the general tariff.

Item 397-1.—White-lead ground in oil. Present rates 6s. per cwt. (112 pounds) under the British preferential tariff, 9s. per cwt. under the general tariff; rates deferred to November 1, 1943, free of duty under the British preferential tariff, 9s. per cwt. under the general tariff.

Under all three items the British preferential rates (plus surtax of $22\frac{1}{2}$ per cent of duty) are applicable to Canadian goods. The general tariff applies to goods from all countries outside the British Empire and is increased by a surtax of $22\frac{1}{2}$ per cent of the duty except as regards imports from specified "most-favoured" countries under Item 360 only.

Trinidad

INDIVIDUAL LICENCES FOR FLOUR NOT TO BE ISSUED

A Notice of November 27, 1942, in the Trinidad *Royal Gazette* stated that no further licences will be granted to individual importers for the importation of soft winter wheat flour and wholewheat flour. In respect of this Notice, Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, reports that in future Trinidad biscuit manufacturers will inform the Trinidad Food Controller of the quantity of soft winter wheat flour required by them and the name of the mill from which it is to be purchased. The Food Controller will then place the orders through the local agents of the Canadian mills concerned and will receive the flour for distribution to the biscuit manufacturers. In the case of wholewheat flour the Food Controller will receive firm orders at regular intervals from the importers for transmission through local agents to Canadian mills, who will ship the flour to the Food Controller for distribution.

Newfoundland

DUTIES ON SALTED AND CANNED MEATS SUSPENDED

Mr. R. P. Bower, Acting Trade Commissioner in St. John's, cables that from December 14 to March 31 all duties are suspended on salted and canned meats as described in three items of the Newfoundland customs tariff, viz:—

Beef, salted, in barrels (normal duty on imports from all countries, \$1.55 per barrel, plus \$1.50 per barrel war tax);

Pork, salted, including heads, jowls, tongues, etc., in barrels or half-barrels (normal duty \$1.55 per barrel, plus \$1.50 per barrel war tax);

Canned meats, hermetically sealed, known as C.C. beef, corned beef, corned beef hash, boiled beef, luncheon beef, roast beef, roast mutton, boiled mutton and brawn (normal duty from all countries, 2 cents per pound including the weight of immediate coverings, plus $7\frac{1}{2}$ per cent ad valorem war tax).

TEA RATIONING

The Acting Trade Commissioner in St. John's has cabled that an honour system of tea rationing has been introduced in Newfoundland.

United States

QUOTA ON RED CEDAR SHINGLES NEARLY FILLED

With reference to the announcement in *Commercial Intelligence Journal* No. 1994 (April 18, 1942), page 410, that the quantity of red cedar shingles entitled to exemption from the duty of 25 cents per square during the calendar year 1942 was 2,617,111 squares, the Treasury Department at Washington has issued a statement showing imports during the period January 1 to November 28, 1942, as 2,530,684 squares. In order to control the duty-free quota, United States Collectors of Customs have been instructed to require deposit of estimated duties at 25 cents per square during the period December 10 to December 31, 1942, on all entries for consumption or warehouse withdrawals of red cedar shingles pending determination of the state of the particular entries under the quota.

Argentina

* NEWSPRINT DUTY FREE WITHOUT WATERMARK

Mr. J. A. Strong, Canadian Commercial Attaché in Buenos Aires, writes that the Argentine Ministry of Finance issued, on December 1, 1942, a decree under which the duty-free import of ordinary white newsprint paper without the watermark or filigrane which has been required for such paper may be authorized temporarily and until a new measure is enacted. This watermark or filigrane consists of parallel straight lines separated one from the other by a space of 4 centimetres, with an allowance of $\frac{1}{2}$ centimetre either way.

The conditions under which unwatermarked paper may be imported are:—

- (a) Only newspaper and periodical publishers, registered as importers of duty-free paper, using it directly for the publication of newspapers or reviews may import free from duties paper not watermarked in accordance with the law. With reference to the sale of this product, no intermediaries of any kind, nor the partial or total sale or transference of the quantities received, shall be allowed.
- (b) Firms importing paper under these conditions shall place at the disposal of inspectors from the Direction General of Customs all documents and details in proof of the issue and shall permit whatever inspections are considered necessary.
- (c) When paper without the watermark is used, the whole issue of the corresponding newspaper or review should be printed in the same manner.
- (d) The rolls of paper without the watermark must be stored at the printer's place apart from other rolls, and waste produced must be kept apart from that from watermarked paper.
- (e) When the importer decides to use the paper imported duty-free, this must be reported in advance for the purposes of the necessary control of the operation.
- (f) The sales of waste to local paper mills must be effected with the authorization and intervention of the Direction General of Customs, providing this waste has been rendered useless in such a way as to make impossible its use as wrapping paper.
- (g) The quantities imported shall be subject to the payment of the $\frac{1}{2}$ per cent tax established in Article 24 of the Customs Law for goods subject to ascertainment of destination.
- (h) The Direction General of Customs shall report quarterly to the Department of Finance the Details of paper consignments cleared duty free under the provisions of this Decree.

In view of the severe regulations, it is understood that unwatermarked newsprint paper will not be imported except in an emergency where one of the larger newspapers can pick up a lot of such newsprint that is ready to load.

EXCHANGE CONDITIONS IN TRINIDAD

LETTERS OF CREDIT EXTENDED

Mr. G. A. Newman, Canadian Trade Commissioner at Port of Spain, writes under date December 16, 1942, that under a letter of permission issued by the Trinidad Financial Secretary to the local banks on September 21, letters of credit may be issued for 90 days and further extended till such times as the import licences for the goods covered by the credit remain in force.

From the outbreak of war until the above date, letters of credit were usually authorized for 60 days only. This normally conformed with the period of validity of import licences, but delays in shipping and other difficulties have caused the period of validity to be progressively extended until to-day they are good for nine months. These changes made it necessary for the terms of letters of credit to be also extended.

FOREIGN EXCHANGE QUOTATIONS: WEEK ENDING DEC. 21, 1942

The Foreign Exchange Division of the Bank of Canada has furnished the following statement of the nominal closing quotations for all the principal exchanges for the week ending Monday, December 21, 1942, and for the week ending Monday, December 14, 1942, with the official bank rate:—

Country	Unit	Present or Former Gold Parity	Nominal Quotations in Montreal Week ending Dec. 14	Nominal Quotations in Montreal Week ending Dec. 21	Official Bank Rate
Great Britain.	Pound	4.8666			
		Buying	\$4.4300	\$4.4300	2
		Selling	4.4700	4.4700	—
United States.	Dollar	1.0000			
		Buying	1.1000	1.1000	1
		Selling	1.1100	1.1100	—
Mexico	Peso	.4985	.2283	.2283	4
Jamaica	Pound	4.8666			
		Bid	4.4200	4.4200	—
		Offer	4.4800	4.4800	—
Other British West Indies.	Dollar	1.0138	.9313	.9313	—
Argentina.	Peso (Paper)	.4245			
		Official	.3304	.3304	3½
		Free	.2623	.2622	—
Brazil	Cruzeiro (Paper)	.1196			
		Official	.0673	.0673	—
		Free	.0572	.0572	—
British Guiana	Dollar	1.0138	.9313	.9313	—
Chile	Peso	.1217			
		Official	.0574	.0574	3-4½
		Export	.0444	.0444	—
Colombia.	Peso	.9733	.6343	.6351	4
Venezuela	Bolivar	.1930			
		Official	.3313	.3313	—
		Free	.3330	.3330	—
Uruguay.	Peso	1.0342			
		Controlled	.7307	.7307	—
		Uncontrolled	.5853	.5853	—
South Africa.	Pound	4.8666			
		Bid	4.3862	4.3862	3
		Offer	4.4590	4.4590	—
Egypt	Pound (100 Piastres)	4.9431			
		Bid	4.5380	4.5380	—
		Offer	4.5906	4.5906	—
India.	Rupee	.3650	.3359	.3359	3
Australia	Pound	4.8666			
		Bid	3.5300	3.5300	3
		Offer	3.5760	3.5760	—
New Zealand.	Pound	4.8666			
		Bid	3.5440	3.5440	1½
		Offer	3.5940	3.5940	—

COMMERCIAL INTELLIGENCE SERVICE

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CANADIAN GOVERNMENT TRADE COMMISSIONERS—*Con.*

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Note.—Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

I N D E X

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